

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 MARCH 2017 TOGETHER WITH
AUDITOR'S REVIEW REPORT**

**(Convenience translation of publicly announced consolidated
financial statements, related disclosures and auditor's review report
originally issued in Turkish, See Note. I.b of Section three)**

AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's review report originally issued

in Turkish, See Note I of Section Three)

To the Board of Directors of Akbank T.A.Ş.;

Introduction

We have reviewed the consolidated balance sheet of Akbank T.A.Ş. ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 31 March 2017 and the related consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Basis for the Qualified Conclusion

As mentioned in Section Five Part II h.5 (i) of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 March 2017 include a free provision amounting to TL 200.000 thousand which had been recognized by the Bank management in the prior periods in line with the conservatism principle considering the circumstances that may arise from possible changes in the economy and market conditions.

Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the financial position of Akbank T.A.Ş. and its consolidated subsidiaries at 31 March 2017 and the results of its operations and its cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other Matter

The consolidated financial statements of the Bank and its consolidated subsidiaries as at 31 December 2016 were audited by another auditor, whose report dated 31 January 2017 expressed a qualified opinion for the related consolidated financial statements for the inclusion a general reserve for possible risks amounting to TL 200.000 thousands, provided by the Bank management and carried forward from 2014, for considering the circumstances that may arise from possible changes in the economy and market conditions.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed consolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Talar Gül, SMMM
Partner
Istanbul, 25 April 2017

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS, RELATED DISCLOSURES
ORIGINALLY ISSUED IN TURKISH,
SEE NOTE I.b OF SECTION THREE**

**THE CONSOLIDATED FINANCIAL REPORT OF
AKBANK T.A.Ş. AS OF 31 MARCH 2017**

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The consolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- **Section One** - GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section Two** - CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- **Section Three** - EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- **Section Five** - INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** - INTERIM REVIEW REPORT
- **Section Seven** - INTERIM ACTIVITY REPORT

Investments in associates, joint ventures and subsidiaries whose financial statements have been consolidated in this reporting package are as follows:

	Subsidiaries	Investments in Associates	Joint Ventures
1.	Ak Finansal Kiralama A.Ş.	-	-
2.	Ak Yatırım Menkul Değerler A.Ş.	-	-
3.	Ak Portföy Yönetimi A.Ş.	-	-
4.	Akbank AG	-	-
5.	Akbank (Dubai) Limited	-	-

A.R.T.S. Ltd., which is not subsidiary of the Bank but over which the Bank has 100% controlling power, has been included in the consolidation due to the reason that this company is "Structured Entity".

The accompanying reviewed consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira (TL), have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related appendices and interpretations on these, and are independently reviewed.

25 April 2017

Suzan SABANCI DİNÇER	Hayri ÇULHACI	Ş.Yaman TÖRÜNER	S. Hakan BİNBAŞGİL	K. Atıl ÖZUS	Türker TUNALI
Chairman of the Board of Directors	Head of the Audit Committee	Member of the Audit Committee	CEO	Executive Vice President	Senior Vice President

Contact information of the personnel in charge of addressing questions regarding this financial report:

Name-Surname / Title : Türker TUNALI / Senior Vice President
Phone No : (0 212) 385 55 55
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SECTION ONE

General Information about the Group

I.	Bank's foundation date, start-up status, history regarding the changes in this status	1
II.	Explanation about the bank's capital structure, shareholders of the bank who are in charge of the management and/or auditing of the bank directly or, indirectly, changes in these matters (if any) and the group the bank belongs to	1
III.	Explanation on the board of directors, members of the audit committee, president and executive vice presidents, if available, shares of the parent bank they possess and their areas of responsibility	1
IV.	Information on shareholder's having control shares	2
V.	Explanations on the Parent Bank's service types and fields of operation	2
VI.	A Short Explanation on the differences between the Communique on Consolidated Financial Statement Reporting and the consolidation procedures required by Turkish Accounting Standards and about institutions that are subject to full consolidation, proportional consolidation, by way of deduction from capital or those that are subject to none	2
VII.	Existing or potential, actual or legal obstacles to immediate transfer of capital between Parent Bank and its subsidiaries and repayment of debts	2

SECTION TWO

Consolidated Financial Statements of the Group

I.	Balance sheet	3
II.	Income statement	5
III.	Off-Balance Sheet Commitments	6
IV.	Income and expenses accounted under shareholders' equity	7
V.	Statement of changes in shareholders' equity	8
VI.	Statement of cash flows	9

SECTION THREE

Accounting Policies

I.	Explanations on basis of presentation	10
II.	Explanations on strategy of using financial instruments and explanations on foreign currency transactions	11
III.	Explanations on investments in associates and subsidiaries	11
IV.	Explanations on forward transactions and derivative instruments	12
V.	Explanations on interest income and expense	13
VI.	Explanations on fee and commission income and expenses	13
VII.	Explanations on financial assets	13
VIII.	Explanations on impairment of financial instruments	14
IX.	Explanations on offsetting financial instruments	14
X.	Explanations on sales and repurchase agreements and securities lending transactions	14
XI.	Explanations on property and equipment held for sale purpose and related to discontinued operations and liabilities related with these assets	15
XII.	Explanations on goodwill and other intangible assets	15
XIII.	Explanations on property and equipment	15
XIV.	Explanations on leasing transactions	15
XV.	Explanations on provisions and contingent liabilities	16
XVI.	Explanations on contingent assets	16
XVII.	Explanations on obligations related to employee rights	16
XVIII.	Explanations on taxation	18
XIX.	Explanations on borrowings	19
XX.	Explanations on issuance of share certificates	19
XXI.	Explanations on avalized drafts and acceptances	19
XXII.	Explanations on government grants	19
XXIII.	Explanations on segment reporting	19
XXIV.	Profit reserves and profit appropriation	19
XXV.	Earnings per share	19
XXVI.	Related parties	20
XXVII.	Cash and cash equivalent assets	20
XXVIII.	Reclassifications	20

SECTION FOUR

Information Related to Financial Position and Risk Management of the Group

I.	Explanations on equity	21
II.	Explanations on currency risk	28
III.	Explanations on interest rate risk	30
IV.	Explanations on equity securities position risk derived from banking books	32
V.	Explanations on liquidity risk management and liquidity coverage ratio	32
VI.	Explanations on leverage ratio	38
VII.	Explanations on risk management	39
VIII.	Explanations on hedge transactions	40
IX.	Explanations on business segments	42

SECTION FIVE

Information and Disclosures Related to Consolidated Financial Statements

I.	Explanations and notes related to consolidated assets	44
II.	Explanations and notes related to consolidated liabilities	59
III.	Explanations and notes related to consolidated income statement	65
IV.	Explanations and notes related to consolidated off-balance sheet accounts	70
V.	Explanations and notes related to consolidated statement of cash flows	71
VI.	Explanations and notes related to Group's risk group	72
VII.	Explanations and notes related to subsequent events	73

SECTION SIX

Explanations on Auditor's Review Report

I.	Explanations on interim review report	74
II.	Explanations and notes prepared by independent auditor	74

SECTION SEVEN

Information on Interim Activity Report

I.	Interim period activity report included chairman of the board of directors and CEO's assessments for the interim activities.	75
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AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

SECTION ONE GENERAL INFORMATION ABOUT THE BANK

I. BANK'S FOUNDATION DATE, START-UP STATUS, HISTORY REGARDING THE CHANGES IN THIS STATUS:

Akbank T.A.Ş. ("the Bank", "the Parent Bank" or "Akbank") was established on 30 January 1948 as a private commercial bank, in accordance with the decision of the Council of Ministers, No.3/6710 and is authorized to perform all economic, financial and commercial activities which are allowed by the laws of the Turkish Republic ("T.C."). The status of the Bank has not changed since its foundation.

II. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO:

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipts ("ADRs"). As of 31 March 2017, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2016: 51%).

The major shareholder of the Parent Bank, directly or indirectly, is Sabancı Group.

III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, IF AVAILABLE, SHARES OF THE BANK THEY POSSESS AND THEIR AREAS OF RESPONSIBILITY:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman:	Suzan SABANCI DİNÇER	Chairman and Executive Board Member	Graduate
Honorary Chairman,		Honorary Chairman,	
Board Member, Consultant:	Erol SABANCI	Board Member and Consultant	Undergraduate
Board of Directors:	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	Cem MENĞİ	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	A. Aykut DEMİRAY	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
President and CEO:	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
Head of Internal Audit:	S. Hakan BİNBAŞGİL	CEO	Graduate
Executive Vice Presidents:	Eyüp ENGİN	Head of Internal Audit	Undergraduate
	A. Fuat AYLA	Credit Allocation	Undergraduate
	K. Atıl ÖZÜS	Financial Coordination	Undergraduate
	Kerim ROTA	Treasury	Graduate
	C. Kaan GÜR	Commercial Banking	Undergraduate
	Bülent OĞUZ	SME Banking	Graduate
	H. Burcu CİVELEK YÜCE	Human Resources and Strategy	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	A. Özer İSFENDİYAROĞLU	Consumer Banking	Graduate
	Levent ÇELEBİOĞLU	Corporate – Investment and Private Banking	Undergraduate
	Emin Tolga ULUTAŞ	Direct Banking	Graduate
Internal Audit Committee:	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Hayri ÇULHACI	Head of the Audit Committee	Graduate
	Ş. Yaman TÖRÜNER	Member of the Audit Committee	Undergraduate

The shares of individuals above are insignificant in the Parent Bank.

As of 1 February 2017, İlker Altıntaş has been assigned as Executive Vice President responsible of Technology and Operation Unit instead of Turgut Güney who has resigned from his position on 31 January 2017.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

IV. INFORMATION ON SHAREHOLDERS HAVING CONTROL SHARES:

Name/Commercial Title	Share Amounts (Nominal)	Share Percentages	Paid-in Capital (Nominal)	Unpaid Portion
Hacı Ömer Sabancı Holding A.Ş.	1.630.021	40,75 %	1.630.021	-

V. EXPLANATION ON THE PARENT BANK'S SERVICE TYPES AND FIELDS OF OPERATION:

The Bank's core business activities include consumer banking, commercial banking, SME banking, corporate-investment and private banking, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş.. As of 31 March 2017, the Bank has 838 branches dispersed throughout the country and 1 branch operating abroad (31 December 2016: 840 branches and 1 branch operating abroad). As of 31 March 2017, the Bank employed 13.826 people (31 December 2016: 13.843).

The Parent Bank and its subsidiaries, Ak Yatırım Menkul Değerler A.Ş., AK Portföy Yönetimi A.Ş., Akbank AG, Ak Finansal Kiralama A.Ş., Akbank (Dubai) Limited and together with A.R.T.S. Ltd., which is not subsidiary of the Bank, but over which the Bank has 100% controlling power due to the reason that this company is "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group" in these consolidated financial statements and notes to consolidated financial statements.

As at 31 March 2017, the Group employed 14.191 people (31 December 2016: 14.218).

VI. A SHORT EXPLANATION ON THE DIFFERENCES BETWEEN THE COMMUNIQUE ON CONSOLIDATED FINANCIAL STATEMENT REPORTING AND THE CONSOLIDATION PROCEDURES REQUIRED BY TURKISH ACCOUNTING STANDARDS AND ABOUT INSTITUTIONS THAT ARE SUBJECT TO FULL CONSOLIDATION, PROPORTIONAL CONSOLIDATION, BY WAY OF DEDUCTION FROM CAPITAL OR THOSE THAT ARE SUBJECT TO NONE:

The Bank sees no difference between the Communiqué on Consolidated Financial Reporting and the consolidation procedures required by Turkish Accounting Standards. Information in regards to consolidated subsidiaries and consolidation methods are given in Section III. Note III.

VII. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF CAPITAL BETWEEN PARENT BANK AND ITS SUBSIDIARIES AND REPAYMENT OF DEBTS:

None.

AKBANK T.A.Ş.
I. CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2017 (STATEMENT OF FINANCIAL POSITION)

(Amounts are expressed in thousands of Turkish Lira (TL)).

ASSETS	Note (Section Five)	CURRENT PERIOD (31/03/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(I-a)	2.634.207	30.629.985	33.264.192	5.363.604	29.648.681	35.012.285
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	(I-b)	4.612.363	3.000.666	7.613.029	4.264.928	3.419.931	7.684.859
2.1 Trading Financial Assets		4.612.363	3.000.666	7.613.029	4.264.928	3.419.931	7.684.859
2.1.1 Government Debt Securities		9.794	-	9.794	9.865	-	9.865
2.1.2 Equity Securities		11.621	-	11.621	7.268	-	7.268
2.1.3 Trading Derivative Financial Assets		4.546.219	3.000.666	7.546.885	4.201.007	3.419.931	7.620.938
2.1.4 Other Marketable Securities		44.729	-	44.729	46.788	-	46.788
2.2 Financial Assets at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(I-c)	237.327	7.732.452	7.969.779	150.527	10.235.651	10.386.178
IV. MONEY MARKETS		31.108	-	31.108	37	-	37
4.1 Interbank Money Market Placements		354	-	354	37	-	37
4.2 Istanbul Stock Exchange Money Market Placements		30.754	-	30.754	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(I-d)	18.988.130	19.574.415	38.562.545	18.145.438	16.661.619	34.807.057
5.1 Equity Securities		12.836	63.831	76.667	12.836	54.505	67.341
5.2 Government Debt Securities		18.649.851	12.832.631	31.482.482	17.912.731	11.328.132	29.240.863
5.3 Other Marketable Securities		325.443	6.677.953	7.003.396	219.871	5.278.982	5.498.853
VI. LOANS and RECEIVABLES	(I-e)	116.363.419	70.186.164	186.549.583	108.979.221	69.914.012	178.893.233
6.1 Loans and Receivables		116.208.253	70.186.164	186.394.417	108.824.251	69.914.012	178.738.263
6.1.1 Loans to Bank's Risk Group	(VI)	3.842.117	1.185.052	5.027.169	3.469.677	1.122.120	4.591.797
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		112.366.136	69.001.112	181.367.248	105.354.574	68.791.892	174.146.466
6.2 Loans under Follow-up		4.494.452	-	4.494.452	4.267.191	-	4.267.191
6.3 Specific Provisions [-]		4.339.286	-	4.339.286	4.112.221	-	4.112.221
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	(I-f)	5.533.511	12.874.681	18.408.192	5.485.602	12.491.268	17.976.870
8.1 Government Debt Securities		5.533.511	10.267.634	15.801.145	5.485.602	9.976.303	15.461.905
8.2 Other Marketable Securities		-	2.607.047	2.607.047	-	2.514.965	2.514.965
IX. INVESTMENTS IN ASSOCIATES (Net)	(I-g)	3.923	-	3.923	3.923	-	3.923
9.1 Associates Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Associates Unconsolidated		3.923	-	3.923	3.923	-	3.923
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-Financial Investments in Associates		3.923	-	3.923	3.923	-	3.923
X. SUBSIDIARIES (Net)	(I-h)	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)		-	-	-	-	-	-
11.1 Joint Ventures Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES (Net)	(I-i)	1.355.193	3.938.112	5.293.305	1.202.964	3.805.636	5.008.600
12.1 Financial Lease Receivables		1.708.527	4.475.470	6.183.997	1.528.271	4.334.700	5.862.971
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income [-]		353.334	537.358	890.692	325.307	529.064	854.371
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(I-j)	818.614	127.267	945.881	682.966	124.908	807.874
13.1 Fair Value Hedge		818.614	28.187	846.801	682.966	30.570	713.536
13.2 Cash Flow Hedge		-	99.080	99.080	-	94.338	94.338
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(I-k)	3.323.980	7.770	3.331.750	878.932	2.428	881.360
XV. INTANGIBLE ASSETS (Net)		353.206	917	354.123	360.570	957	361.527
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		353.206	917	354.123	360.570	957	361.527
XVI. INVESTMENT PROPERTY (Net)	(I-l)	-	-	-	-	-	-
XVII. TAX ASSET		13.311	335	13.646	11.942	14.392	26.334
17.1 Current Tax Asset		2.837	-	2.837	2.561	-	2.561
17.2 Deferred Tax Asset	(I-m)	10.474	335	10.809	9.381	14.392	23.773
XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-n)	72.606	-	72.606	74.188	-	74.188
18.1 Held for Sale Purpose		72.606	-	72.606	74.188	-	74.188
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(I-o)	1.591.666	1.904.708	3.496.374	1.186.816	1.389.682	2.576.498
TOTAL ASSETS		155.932.544	149.977.472	305.910.036	146.791.658	147.709.165	294.500.823

The accompanying explanations and notes form an integral part of these financial statements.

AKBANK T.A.S.
I. CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2017 (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/03/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-a)	84.842.957	94.510.440	179.353.397	84.428.188	89.539.616	173.967.804
1.1 Deposits of Bank's Risk Group	(VII)	2.750.228	2.851.064	5.601.292	2.430.241	2.058.194	4.488.435
1.2 Other		82.092.729	91.659.376	173.752.105	81.997.947	87.481.422	169.479.369
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(II-b)	4.067.829	858.900	4.926.729	3.648.925	950.922	4.599.847
III. FUNDS BORROWED	(II-c)	392.822	33.097.018	33.489.840	421.737	31.882.549	32.304.286
IV. MONEY MARKETS		2.280.090	22.297.866	24.577.956	5.725.625	21.594.417	27.320.042
4.1 Funds from Interbank Money Market		1.570.079	-	1.570.079	1.222.174	-	1.222.174
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	55.199	-	55.199
4.3 Funds Provided Under Repurchase Agreements		710.011	22.297.866	23.007.877	4.448.252	21.594.417	26.042.669
V. SECURITIES ISSUED (Net)	(II-d)	2.792.139	10.248.230	13.040.369	2.556.267	9.977.034	12.533.301
5.1 Bills		1.133.814	19.617	1.153.431	776.911	-	776.911
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		1.658.325	10.228.613	11.886.938	1.779.356	9.977.034	11.756.390
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		4.487.564	1.378.977	5.866.541	3.966.117	1.413.354	5.379.471
VIII. OTHER LIABILITIES	(II-e)	1.770.993	188.818	1.959.811	1.249.388	187.509	1.436.897
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	(II-f)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(II-g)	-	98.064	98.064	-	98.991	98.991
11.1 Fair Value Hedge		-	98.064	98.064	-	98.645	98.645
11.2 Cash Flow Hedge		-	-	-	-	346	346
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(II-h)	2.672.803	890.302	3.563.105	2.678.915	878.986	3.557.901
12.1 General Loan Loss Provisions		2.089.940	875.972	2.965.932	2.069.292	858.453	2.927.745
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		230.605	644	231.249	227.221	861	228.082
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		352.238	13.686	365.924	382.402	19.672	402.074
XIII. TAX LIABILITY	(II-i)	1.124.918	132.699	1.257.617	692.521	117.495	810.016
13.1 Current Tax Liability		838.905	22.775	861.680	567.678	14.619	582.297
13.2 Deferred Tax Liability		286.013	109.924	395.937	124.843	102.876	227.719
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(II-j)	-	1.796.095	1.796.095	-	-	-
XVI. SHAREHOLDERS' EQUITY	(II-k)	36.254.537	(274.025)	35.980.512	33.014.327	(522.060)	32.492.267
16.1 Paid-in capital		4.000.000	-	4.000.000	4.000.000	-	4.000.000
16.2 Capital Reserves		4.714.568	(274.025)	4.440.543	2.122.151	(522.060)	1.600.091
16.2.1 Share Premium		1.700.000	-	1.700.000	1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences	(253.445)	(337.371)	(590.816)	(587.935)	(573.267)	(1.161.202)	
16.2.4 Property and Equipment Revaluation Differences	2.342.999	6.055	2.349.054	47.106	-	47.106	
16.2.5 Intangible Assets Revaluation Differences	-	-	-	-	-	-	
16.2.6 Investment Properties Revaluation Differences	-	-	-	-	-	-	
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	3.895	-	3.895	3.895	-	3.895	
16.2.8 Hedging Funds (Effective portion)	(411.678)	57.291	(354.387)	(373.697)	51.207	(322.490)	
16.2.9 Value Increase of Assets Held for Sale	-	-	-	-	-	-	
16.2.10 Other Capital Reserves	1.332.797	-	1.332.797	1.332.782	-	1.332.782	
16.3 Profit Reserves	25.334.741	-	25.334.741	21.492.133	-	21.492.133	
16.3.1 Legal Reserves	1.469.241	-	1.469.241	1.386.657	-	1.386.657	
16.3.2 Status Reserves	-	-	-	-	-	-	
16.3.3 Extraordinary Reserves	22.724.398	-	22.724.398	19.199.849	-	19.199.849	
16.3.4 Other Profit Reserves	1.141.102	-	1.141.102	905.627	-	905.627	
16.4 Income or (Loss)	2.205.095	-	2.205.095	5.399.913	-	5.399.913	
16.4.1 Prior Periods' Income or (Loss)	752.895	-	752.895	545.745	-	545.745	
16.4.2 Current Period Income or (Loss)	1.452.200	-	1.452.200	4.854.168	-	4.854.168	
16.5 Minority Interest	133	-	133	130	-	130	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		140.686.652	165.223.384	305.910.036	138.382.010	156.118.813	294.500.823

The accompanying explanations and notes form an integral part of these financial statements.

AKBANK T.A.Ş.
II. CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2017

(Amounts are expressed in thousands of Turkish Lira (TL)).

INCOME AND EXPENSE ITEMS	Note (Section Five)	CURRENT PERIOD (01/01-31/03/2017)	PRIOR PERIOD (01/01-31/03/2016)
I. INTEREST INCOME	(III-a)	5.378.521	4.521.033
1.1 Interest on Loans	(III-a-1)	4.318.851	3.487.256
1.2 Interest on Reserve Requirements		49.458	47.956
1.3 Interest on Banks	(III-a-2)	38.894	22.867
1.4 Interest on Money Market Transactions		7.451	83
1.5 Interest on Marketable Securities Portfolio	(III-a-3)	860.776	876.645
1.5.1 Trading Financial Assets		2.435	3.015
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3 Available-for-sale Financial Assets		626.687	717.297
1.5.4 Held- to- maturity Investments		231.654	156.333
1.6 Financial Lease Income		93.913	75.088
1.7 Other Interest Income		9.178	11.138
II. INTEREST EXPENSE	(III-b)	2.826.578	2.532.963
2.1 Interest on Deposits	(III-b-4)	2.196.034	1.912.467
2.2 Interest on Funds Borrowed	(III-b-1)	202.248	127.759
2.3 Interest Expense on Money Market Transactions		192.439	277.685
2.4 Interest on Securities Issued	(III-b-3)	201.635	198.555
2.5 Other Interest Expenses		34.222	16.497
III. NET INTEREST INCOME (I - II)		2.551.943	1.988.070
IV. NET FEES AND COMMISSIONS INCOME		680.079	632.052
4.1 Fees and Commissions Received		835.469	744.304
4.1.1 Non-cash Loans		59.118	51.128
4.1.2 Other		776.351	693.176
4.2 Fees and Commissions Paid		155.390	112.252
4.2.1 Non-cash Loans		22	92
4.2.2 Other		155.368	112.160
V. DIVIDEND INCOME		908	656
VI. TRADING INCOME/(LOSS) (Net)	(III-c)	(15.783)	39.424
6.1 Trading Gains / (Losses) on Securities		36.601	31.134
6.2 Gains / (Losses) on Derivative Financial Transactions		(375.849)	(111.956)
6.3 Foreign Exchange Gains / (Losses)		323.465	120.246
VII. OTHER OPERATING INCOME	(III-d)	241.828	294.351
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		3.458.975	2.954.553
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(III-e)	472.941	540.256
X. OTHER OPERATING EXPENSES (-)	(III-f)	1.146.687	1.055.762
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		1.839.347	1.358.535
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)		1.839.347	1.358.535
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(III-h)	387.144	287.790
16.1 Current Tax Provision		444.053	272.666
16.2 Deferred Tax Provision		(56.909)	15.124
XVII. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		1.452.203	1.070.745
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from Non-current Assets Held for Sale		-	-
18.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
18.3 Income from Other Discontinued Operations		-	-
XIX. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
19.1 Expenses for Non-current Assets Held for Sale		-	-
19.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Expenses for Other Discontinued Operations		-	-
XX. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1 Current Tax Provision		-	-
21.2 Deferred Tax Provision		-	-
XXII. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET INCOME/(LOSS) (XVII+XXII)	(III-i)	1.452.203	1.070.745
23.1 Income/(Loss) from the Group		1.452.200	1.070.742
23.2 Income/(Loss) from Minority Interest	(III-g)	3	3
Earning/(Loss) per share (in TL full)		0,00363	0,00268

The accompanying explanations and notes form an integral part of these financial statements

AKBANK T.A.Ş.
III. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 MARCH 2017

(Amounts are expressed in thousands of Turkish Lira (TL)).

	Note (Section Five)	CURRENT PERIOD (31/03/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		163.494.925	384.153.290	547.648.215	147.851.229	356.210.504	504.061.733
I. GUARANTEES AND WARRANTIES	(IV-2, 3)	16.784.254	26.879.720	43.663.974	15.976.452	24.370.684	40.347.136
1.1 Letters of Guarantee		14.402.790	14.849.272	29.252.062	13.721.435	13.430.357	27.151.792
1.1.1 Guarantees Subject to State Tender Law		366.983	2.854.001	3.220.984	388.011	2.543.143	2.931.154
1.1.2 Guarantees Given for Foreign Trade Operations		-	3.263.829	3.263.829	-	3.219.372	3.219.372
1.1.3 Other Letters of Guarantee		14.035.807	8.731.442	22.767.249	13.333.424	7.667.842	21.001.266
1.2 Bank Acceptances		-	3.964.299	3.964.299	-	3.583.229	3.583.229
1.2.1 Import Letter of Acceptance		-	3.964.299	3.964.299	-	3.583.229	3.583.229
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	6.356.015	6.356.015	260	5.232.516	5.232.776
1.3.1 Documentary Letters of Credit		-	5.883.670	5.883.670	260	4.722.556	4.722.816
1.3.2 Other Letters of Credit		-	472.345	472.345	-	509.960	509.960
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	12.626	12.626	-	18.849	18.849
1.8 Other Guarantees		49.005	1.685.582	1.734.587	38.726	2.086.153	2.124.879
1.9 Other Collaterals		2.332.459	11.926	2.344.385	2.216.031	19.580	2.235.611
II. COMMITMENTS	(IV-1)	40.452.203	11.936.060	52.388.263	41.336.640	13.619.711	54.956.351
2.1 Irrevocable Commitments		39.649.453	11.527.200	51.176.653	40.690.428	13.304.259	53.994.687
2.1.1 Asset Purchase Commitments		5.570.402	7.845.513	13.415.915	7.444.452	9.261.461	16.705.913
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		6.322.392	3.679.745	10.002.137	6.195.974	4.040.927	10.236.901
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		6.609.408	-	6.609.408	6.200.426	-	6.200.426
2.1.8 Tax and Fund Liabilities from Export Commitments		4.120	-	4.120	4.526	-	4.526
2.1.9 Commitments for Credit Card Limits		17.675.092	-	17.675.092	17.397.602	-	17.397.602
2.1.10 Commitments for Credit Cards and Banking Services Promotions		109.993	-	109.993	121.979	-	121.979
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		3.358.046	1.942	3.359.988	3.325.469	1.871	3.327.340
2.2 Revocable Commitments		802.750	408.860	1.211.610	646.212	315.452	961.664
2.2.1 Revocable Loan Granting Commitments		605.348	-	605.348	527.125	-	527.125
2.2.2 Other Revocable Commitments		197.402	408.860	606.262	119.087	315.452	434.539
III. DERIVATIVE FINANCIAL INSTRUMENTS		106.258.468	345.337.510	451.595.978	90.538.137	318.220.109	408.758.246
3.1 Hedging Derivative Financial Instruments		2.497.225	21.436.282	23.933.507	2.497.225	20.894.823	23.392.048
3.1.1 Fair Value Hedges		2.497.225	16.336.277	18.833.502	2.497.225	15.885.640	18.382.865
3.1.2 Cash Flow Hedges		-	5.100.005	5.100.005	-	5.009.183	5.009.183
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		103.761.243	323.901.228	427.662.471	88.040.912	297.325.286	385.366.198
3.2.1 Forward Foreign Currency Buy/Sell Transactions		9.127.626	14.479.870	23.607.496	9.200.025	16.578.421	25.778.444
3.2.1.1 Forward Foreign Currency Transactions-Buy		4.494.995	7.313.931	11.808.926	3.360.716	9.502.584	12.863.300
3.2.1.2 Forward Foreign Currency Transactions-Sell		4.632.631	7.165.939	11.798.570	5.839.309	7.075.837	12.915.146
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		80.246.924	213.647.544	293.894.468	67.936.685	192.861.386	260.798.071
3.2.2.1 Foreign Currency Swap-Buy		36.364.305	67.164.599	103.528.904	35.263.207	52.719.664	87.982.871
3.2.2.2 Foreign Currency Swap-Sell		40.311.539	58.261.193	98.572.732	29.765.278	57.044.998	86.810.276
3.2.2.3 Interest Rate Swap-Buy		1.785.540	44.110.876	45.896.416	1.454.100	41.548.362	43.002.462
3.2.2.4 Interest Rate Swap-Sell		1.785.540	44.110.876	45.896.416	1.454.100	41.548.362	43.002.462
3.2.3 Foreign Currency, Interest Rate and Securities Options		14.323.187	79.806.615	94.129.802	10.848.869	75.616.092	86.464.961
3.2.3.1 Foreign Currency Options-Buy		6.554.694	10.864.780	17.419.474	5.594.038	8.759.955	14.353.993
3.2.3.2 Foreign Currency Options-Sell		7.678.243	9.854.595	17.532.838	5.254.831	9.273.601	14.528.432
3.2.3.3 Interest Rate Options-Buy		-	29.588.620	29.588.620	-	28.791.268	28.791.268
3.2.3.4 Interest Rate Options-Sell		90.250	29.498.620	29.588.870	-	28.791.268	28.791.268
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		63.506	15.947.199	16.030.705	55.333	12.269.387	12.324.720
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		768.305.120	203.090.509	971.395.629	732.086.398	194.315.315	926.401.713
IV. ITEMS HELD IN CUSTODY		41.094.496	9.795.586	50.890.082	38.200.062	9.892.470	48.092.532
4.1 Customer Fund and Portfolio Balances		3.822.637	-	3.822.637	3.505.508	-	3.505.508
4.2 Investment Securities Held in Custody		15.205.821	1.037.814	16.243.635	13.745.747	1.126.900	14.872.647
4.3 Cheques Received for Collection		17.293.337	1.238.662	18.531.999	16.330.556	1.218.160	17.548.716
4.4 Commercial Notes Received for Collection		4.289.855	1.859.100	6.148.955	4.135.405	1.799.253	5.934.658
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		482.846	5.660.010	6.142.856	482.846	5.748.157	6.231.003
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		270.972.907	71.599.832	342.572.739	261.084.649	67.444.634	328.529.283
5.1 Marketable Securities		133.230.208	576.079	133.806.287	126.605.044	514.939	127.119.983
5.2 Guarantee Notes		953.924	679.378	1.633.302	975.905	667.148	1.643.053
5.3 Commodity		66.657	146.783	213.440	65.766	24.531	90.297
5.4 Warranty		9.931	2.428	12.359	9.931	2.304	12.235
5.5 Immovables		103.528.193	51.085.444	154.613.637	99.808.370	49.799.045	149.607.415
5.6 Other Pledged Items		33.181.754	19.078.229	52.259.983	33.617.244	16.409.120	50.026.364
5.7 Pledged Items-Depository		2.240	31.491	33.731	2.389	29.547	29.936
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		456.237.717	121.695.091	577.932.808	432.801.687	116.978.211	549.779.898
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		931.800.045	587.243.799	1.519.043.844	879.937.627	550.525.819	1.430.463.446

The accompanying explanations and notes form an integral part of these financial statements.

AKBANK T.A.Ş.**IV. CONSOLIDATED STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2017**

(Amounts are expressed in thousands of Turkish Lira (TL)).

INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY	CURRENT PERIOD (31/03/2017)	PRIOR PERIOD (31/03/2016)
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE- FOR- SALE FINANCIAL ASSETS	712.983	506.721
II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	2.465.549	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. TRANSLATION DIFFERENCES FROM FOREIGN CURRENCY TRANSACTIONS	95.590	13.502
V. PROFIT/LOSS FROM CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of Fair Value Changes)	10.273	6.018
VI. PROFIT/LOSS FROM FOREIGN NET INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion) (*)	(50.144)	(8.704)
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	19	-
IX. TAX RELATED TO VALUATION DIFFERENCES	(298.229)	(100.807)
X. NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	2.936.041	416.730
XI. CURRENT PERIOD INCOME / LOSS	1.452.203	1.070.745
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	(8.767)	90.909
11.2 Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	(5.566)	(4.843)
11.3 Part of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4 Other	1.466.536	984.679
XII. TOTAL INCOME / LOSS ACCOUNTED FOR THE PERIOD (X±XI)	4.388.244	1.487.475

(*) Figure represents the effective part of the foreign exchange differences of the financial liabilities hedging the net investment risk of foreign investments as explained in Note II of Section Three.

İlişkikteki açıklama ve dipnotlar bu finansal tabloların tamamlayıcı bir parçasıdır.

AKBANK T.A.Ş.

V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2017

(Amounts are expressed in thousands of Turkish Lira (TL)).

	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital(*)	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income (Loss)	Marketable Securities Valuation Differences	Property & Equipment Revaluation Differences	Bonus Shares from Invest. in Ass., Subs. and J.V.	Hedging Transactions	Val. Chan. in Prop. and Eq. HFS Purp./ Disc. Opr.	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD																			
(31/03/2016)																			
I.	Beginning Balance	4.000.000	1.405.892	1.700.000	-	1.336.311	-	16.772.396	510.020	3.229.357	402.833	(1.114.408)	47.106	3.895	(278.630)	-	28.014.772	119	28.014.891
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I-II)	4.000.000	1.405.892	1.700.000	-	1.336.311	-	16.772.396	510.020	3.229.357	402.833	(1.114.408)	47.106	3.895	(278.630)	-	28.014.772	119	28.014.891
Changes in the period																			
IV.	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences	(II-k-8)	-	-	-	-	-	-	-	-	-	405.377	-	-	-	-	405.377	-	405.377
VI.	Hedging Transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.149)	-	(2.149)	-	(2.149)
6.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	(6.963)	-	(6.963)	-	(6.963)
VIII.	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation Differences	-	-	-	-	-	-	-	13.502	-	-	-	-	-	-	-	13.502	-	13.502
XI.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effects of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current Year Income or (Loss)	-	-	-	-	-	-	-	-	1.070.742	-	-	-	-	-	-	1.070.742	3	1.070.745
XX.	Profit distribution	-	-	-	-	50.346	-	2.427.453	8.646	(3.229.357)	142.912	-	-	-	-	-	(600.000)	-	(600.000)
20.1	Dividends paid	-	-	-	-	-	-	-	-	(600.000)	-	-	-	-	-	-	(600.000)	-	(600.000)
20.2	Transfers to Reserves	-	-	-	-	50.346	-	2.427.453	8.646	(2.629.357)	142.912	-	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance (III+IV+V+...+XVIII+XIX+XX)		4.000.000	1.405.892	1.700.000	-	1.386.657	-	19.199.849	532.168	1.070.742	545.745	(709.031)	47.106	3.895	(280.779)	-	28.902.244	122	28.902.366
CURRENT PERIOD																			
(31/03/2017)																			
I.	Prior Period End Balance	4.000.000	1.405.892	1.700.000	-	1.386.657	-	19.199.849	832.517	4.854.168	545.745	(1.161.202)	47.106	3.895	(322.490)	-	32.492.137	130	32.492.267
Changes in the period																			
II.	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	(II-k-8)	-	-	-	-	-	-	-	-	-	570.386	-	-	-	-	570.386	-	570.386
IV.	Hedging Transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	(31.897)	-	(31.897)	-	(31.897)
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(40.115)	-	(40.115)	-	(40.115)
V.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	2.301.948	-	-	-	2.301.948	-	2.301.948
VI.	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation Differences	-	-	-	-	-	-	-	95.590	-	-	-	-	-	-	-	95.590	-	95.590
IX.	Changes due to the Disposal of Assets (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other (***)	-	-	-	-	-	-	-	15	-	-	-	-	-	-	-	15	-	15
XVII.	Current Year Income or (Loss)	-	-	-	-	-	-	-	-	1.452.200	-	-	-	-	-	-	1.452.200	3	1.452.203
XVIII.	Profit distribution	-	-	-	-	82.584	-	3.524.549	139.885	(4.854.168)	207.150	-	-	-	-	-	(900.000)	-	(900.000)
18.1	Dividends paid	-	-	-	-	-	-	-	-	(900.000)	-	-	-	-	-	-	(900.000)	-	(900.000)
18.2	Transfers to Reserves	-	-	-	-	82.584	-	3.524.549	139.885	(3.954.168)	207.150	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance (II+III+IV+...+XVI+XVII+XVIII)		4.000.000	1.405.892	1.700.000	-	1.469.241	-	22.724.398	1.068.007	1.452.200	752.895	(590.816)	2.349.054	3.895	(354.387)	-	35.980.379	133	35.980.512

(*) The amounts for the "Paid-in Capital Inflation Adjustment Difference" and "Actuarial Loss/Gain" which is in the "Other Reserves" are presented under "Other Capital Reserves" in the financial statements.

The accompanying explanations and notes form an integral part of these financial statements.

AKBANK T.A.Ş.**VI. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2017**

(Amounts are expressed in thousands of Turkish Lira (TL)).

	Note (Section Five)	CURRENT PERIOD (31/03/2017)	PRIOR PERIOD (31/03/2016)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit before changes in operating assets and liabilities	768.784	795.980
1.1.1	Interest received	4.983.162	4.516.811
1.1.2	Interest paid	(2.833.943)	(2.483.394)
1.1.3	Dividend received	908	656
1.1.4	Fees and commissions received	904.871	720.269
1.1.5	Other income	(682.689)	(727.792)
1.1.6	Collections from previously written-off loans and other receivables	212.246	178.273
1.1.7	Payments to personnel and service suppliers	(1.013.291)	(934.729)
1.1.8	Taxes paid	(323.608)	(563.084)
1.1.9	Other	(478.872)	88.970
1.2	Changes in operating assets and liabilities	(4.229.379)	(2.846.898)
1.2.1	Net decrease in trading securities	(2.153)	(19.597)
1.2.2	Net (increase) / decrease in fair value through profit/(loss) financial assets	-	-
1.2.3	Net (increase) / decrease in due from banks and other financial institutions	2.306.383	1.209.666
1.2.4	Net (increase) / decrease in loans	(7.724.542)	(1.182.135)
1.2.5	Net (increase) / decrease in other assets	(5.007.967)	(7.721.583)
1.2.6	Net increase / (decrease) in bank deposits	912.778	(9.556)
1.2.7	Net increase / (decrease) in other deposits	4.479.143	1.285.508
1.2.8	Net increase / (decrease) in funds borrowed	3.266.121	1.379.803
1.2.9	Net increase / (decrease) in payables	-	-
1.2.10	Net increase / (decrease) in other liabilities	(2.459.142)	2.210.996
I.	Net cash provided from banking operations	(3.460.595)	(2.050.918)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities	(2.586.019)	65.989
2.1	Cash paid for acquisition of investments, associates and subsidiaries	-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries	-	-
2.3	Purchases of property and equipment	(22.986)	(30.351)
2.4	Disposals of property and equipment	8.725	3.262
2.5	Cash paid for purchase of investments available-for-sale	(5.703.697)	(10.055.993)
2.6	Cash obtained from sale of investments available-for-sale	3.231.322	10.103.395
2.7	Cash paid for purchase of investment securities	(24.564)	-
2.8	Cash obtained from sale of investment securities	25.063	1.972
2.9	Other	(99.882)	43.704
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities	163.279	(216.008)
3.1	Cash obtained from funds borrowed and securities issued	1.250.166	1.789.812
3.2	Cash used for repayment of funds borrowed and securities issued	(697.913)	(1.746.504)
3.3	Issued equity instruments	-	-
3.4	Dividends paid	(388.974)	(259.316)
3.5	Payments for finance leases	-	-
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	457.621	(76.925)
V.	Net increase in cash and cash equivalents (I+II+III+IV)	(5.425.714)	(2.277.862)
VI.	Cash and cash equivalents at beginning of the period	(VI) 12.827.451	7.109.441
VII.	Cash and cash equivalents at end of the period	(VI) 7.401.737	4.831.579

The accompanying explanations and notes form an integral part of these financial statements.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**SECTION THREE
EXPLANATIONS ON ACCOUNTING POLICIES**

I. EXPLANATIONS ON BASIS OF PRESENTATION:

a. The preparation of the consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on Accounting Applications for Banks and Safeguarding of Documents:

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The consolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value.

The preparation of consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The amendments of TAS and TFRS which have entered into force as of 1 January 2017 have no material impact on the Group's accounting policies, financial position and performance. The amendments of TAS and TFRS will be effective as of 1 January 2018, except TFRS 9 Financial Instruments, will have no impact on the accounting policies, financial condition and performance of the Group. The Group continues works in order to comply with TFRS 9 Financial Instruments Standard.

b. Explanation for convenience translation into English:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

c. Accounting policies and valuation principles applied in the presentation of consolidated financial statements:

The accounting policies and valuation principles applied in the preparation of consolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2016 except for applying revaluation model in the properties in accordance with TAS 16 Plant and Equipment as explained in the note of I-k of the Fifth Section. The aforementioned accounting policies and valuation principles are explained in Notes II to XXVIII below.

d. Items Subject to different accounting policies in the preparation of consolidated financial statements:

There are no items subject to different accounting policies in the preparation of these consolidated financial statements.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND EXPLANATIONS ON FOREIGN CURRENCY TRANSACTIONS:

The Group's core business activities include consumer banking, commercial banking, SME banking, and corporate-investment and private banking, foreign exchange, money markets, securities transactions (Treasury transactions) and international banking services. The Group performs financial leasing transactions through Ak Finansal Kiralama A.Ş. By nature the Group's activities are principally related to the use of financial instruments. As the main funding source, the Group accepts deposits from customers for various periods and invests these funds in high quality assets with high interest margins. Other than deposits, the Group's most important funding sources are equity, marketable securities issued, money market borrowings and mostly borrowings from foreign financial institutions. The Group follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Group's exposure to liquidity risk, interest rate risk, currency risk and credit risk while increasing profitability and strengthening the Group's equity. The Asset-Liability Committee ("ALCO") manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee ("ERC").

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such transactions are recognized in the income statement under the account of "Net foreign exchange income/expense". Assets and liabilities of foreign subsidiaries are translated into Turkish lira using the foreign exchange rates prevailing at the balance sheet date, income and expenses of foreign subsidiaries are translated into Turkish Lira at the average exchange rates and all resulting exchange differences are accounted in the shareholders' equity under "Other profit reserves".

As of 31 March 2017, foreign currency denominated balances are translated into TL using the exchange rates of TL 3,6000 and TL 3,8464 for USD, EURO respectively.

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES:

Consolidated financial statements are prepared in accordance with the "Turkish Financial Reporting Standard for Consolidated Financial Statements" ("TFRS 10") and "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette no.26340 dated 8 November 2006.

Consolidation principles for subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Bank.

Subsidiaries are consolidated using the full consolidation method. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Bank's returns.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated. Minority interests in the net income of consolidated subsidiaries are identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Group and presented separately in the Group's income. Minority interests are presented in the consolidated balance sheet, in the shareholders' equity.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Parent Bank and its subsidiaries, Ak Yatırım Menkul Değerler A.Ş., Ak Portföy Yönetimi A.Ş., Akbank AG, Ak Finansal Kiralama A.Ş., Akbank (Dubai) Limited and together with A.R.T.S. Ltd., which is not subsidiary of the Bank, but the Bank has 100% control power due to the reason that this company is "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group" in these consolidated financial statements.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

Ak Yatırım Menkul Değerler A.Ş. was established on 11 December 1996 to trade in capital markets in accordance with Capital Market Law. This company is delivering intermediary services in capital markets, discretionary portfolio management, derivative transactions, repurchase and reverse repurchase agreements with authorizations given by the Capital Markets Board for each transaction.

Ak Finansal Kiralama A.Ş. was established in 1988 for leasing operations and all kinds of agreements and transactions related to these operations.

Ak Portföy Yönetimi A.Ş. was established on 28 June 2000 in order to manage A and B type mutual funds of Akbank T.A.Ş., B Type variable fund of Ak Yatırım Menkul Değerler A.Ş. and pension funds of AvivaSa Emeklilik and Hayat A.Ş. and Groupama. Portfolios of retail customers are also managed.

Based on restructuring of Bank's foreign subsidiaries, Akbank NV and Akbank AG have merged in Akbank AG with the discontinuation of activities of Akbank N.V effective from 15 June 2012. Akbank AG operates in Germany, providing corporate and consumer banking services.

Akbank (Dubai) Limited was established in December 2009 in Dubai International Finance Center (DIFC) had served delivering intermediary services on acquisition and mergers, consultancy about financial instruments, intermediary services on loan and investment instruments. As of 27 December 2016 The Board of Directors of the Bank decided to wind up Akbank (Dubai) Limited and open a representative office in same location. Operations related to processes are continuing to be carried out by the competent authorities.

A.R.T.S. Ltd. is a "Structured Entity" which was established in November 1999 for the purpose of supplying long term financing. Ak Receivables Corporation which was established in July 1998 for the similar purposes has been liquidated on March 1, 2016 due to the termination of financing program provided.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS OPTIONS AND DERIVATIVE INSTRUMENTS:

The major derivative instruments utilized by the Bank are currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

The Bank classifies its derivative instruments as "Held-for-hedging" or "Held-for-trading" in accordance with "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" ("TAS 39"). Although certain derivative transactions provide effective economic hedges under the Bank's risk management position, in accordance with TAS 39 they are treated as derivatives "Held-for-trading".

Payables and receivables arising from the derivative instruments are followed in the off-balance sheet accounts at their contractual values.

Derivative instruments are remeasured at fair value after initial recognition. In accordance with the classification of the derivative instrument, if the fair value of a derivative financial instrument is positive, it is recorded to the account "Trading derivative financial assets" or "Hedging derivative financial assets"; if the fair value difference is negative, it is disclosed in "Trading derivative financial liabilities" or "Hedging derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under "trading income/loss" item in the income statement. The basis on accounting of derivative instruments for hedging purposes are explained Note VIII of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

An embedded derivative shall be separated from host contract only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value with changes in fair value recognized in profit or loss

If an embedded derivative is separated, the host contract shall be accounted for under TAS 39 if it is a financial instrument, and in accordance with other appropriate standards if it is not a financial instrument.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognized in the income statement by using the "Effective interest rate method". The Group ceases accruing interest income on non-performing loans and reverses any interest income accrued from such loans. No income is accounted until the collection is made according to the related regulation.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective interest rate method" according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection.

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Group categorizes its financial assets as "Fair value through profit/loss", "Available for sale", "Loans and receivables" or "Held-to-maturity". Sale and purchase transactions of the financial assets mentioned above are recognized and derecognized at the "Settlement dates". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Group management, taking into consideration the purpose of the investment.

a. Financial assets at the fair value through profit or loss:

This category has two subcategories: "Trading financial assets" and "Financial assets designated at fair value through profit/loss at initial recognition".

Trading financial assets are financial assets which are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming at short-term profit making.

All regular purchases and sales of trading financial assets are recognized at the settlement date, which is the date that the asset is delivered to/from the Bank. Trading financial assets are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. Interest earned while holding trading financial assets is accounted as interest income and dividends received are included separately in dividend income.

Derivative financial assets are classified as trading financial assets unless they are used for hedging purposes. The accounting of derivative financial assets is explained in Note IV of Section Three.

The Group has no financial assets designated as financial assets at fair value through profit or loss.

b. Financial assets available-for-sale:

Available-for-sale financial assets consist of financial assets other than "Loans and receivables", "Held-to-maturity", "Financial assets at fair value through profit or loss" and non-derivative financial assets. Available-for-sale financial assets are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset.

After the recognition, available-for-sale financial assets are remeasured at fair value. Interest income arising from available-for-sale calculated with effective interest rate method and dividend income from equity securities are reflected to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of securities classified as available-for-sale are recognized in the account of "Marketable securities valuation differences" under shareholders' equity, unless these assets are impaired, collected, sold, or disposed of. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

c. Loans and Receivables:

Loans and receivables are non-derivative financial assets that are not classified as financial assets at fair value through profit or loss or financial assets available-for-sale, are unlisted in an active market and whose payments are fixed or can be determined. Loans and receivables are carried initially by adding acquisition cost which reflect fair value to transaction costs and subsequently

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

recognized at the discounted value calculated using the "Effective interest rate method". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

The Parent Bank classifies its loans and receivables to related groups and calculates specific or general provisions in accordance with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" published in the Official Gazette dated 1 November 2006, no.26333 and by considering other regulations and explanations announced by BRSA.

Specific provisions are accounted under "Provision for Loan Losses and Other Receivables" in the income statement and deducted from the net income of the period. If a receivable is collected which is provisioned in the same year, it is deducted from the "Provision for Loan Losses and Other Receivables". If there is a subsequent collection from a receivable which has already been provisioned in previous years, the recovery amount is classified under "Other Operating Income". Uncollectible receivables are written-off after all the legal procedures are finalized.

d. Held-to-maturity financial assets:

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to held-to-maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available-for-sale; and those that meet the definition of loans and receivables. Held-to-maturity financial assets are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from held-to-maturity financial assets is accounted in income statement.

There are no financial assets previously classified as held-to-maturity but which cannot be subject to this classification for two years due to the contradiction of classification principles.

The Bank has Consumer Price Index ("CPI") linked government bonds under available-for-sale and held-to maturity portfolios with semi-annual fixed real coupon rates and a maturity of 5 to 10 years. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL INSTRUMENTS:

It is assessed whether there is objective evidence for a financial asset or group of financial assets is impaired at each balance sheet date. Provision for impairment is provided when there is an objective evidence of impairment.

Impairment for held-to-maturity financial assets carried at amortized cost is calculated as the difference between the present value of the expected future cash flows discounted based on the "Effective interest rate method" and its carrying value. In case an impairment occurs, the impairment amount is deducted from the carrying value of the asset and the impairment loss is recognized in profit and loss. Regarding available-for-sale financial assets, when there is objective evidence that the asset is impaired the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. An explanation about the impairment of loans and receivables is given in Note VII-c of Section Three.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:

Securities subject to repurchase agreements ("Repos") are classified as "Financial assets at fair value difference through profit or loss", "Available-for-sale securities" and "Held-to-maturity securities" in the balance sheet according to the investment purposes and measured according to the portfolio of the Group to which they belong. Funds obtained under repurchase agreements are accounted under "Funds provided under repurchase agreements" in liability accounts and differences between the sale and

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the "Effective interest (internal return) method".

Funds given against securities purchased under agreements to resell ("Reverse repos") are accounted under "Receivables from reverse repurchase agreements" in the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the "Effective interest rate method".

The Group has no securities lending transactions.

XI. EXPLANATIONS ON PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS AND LIABILITIES RELATED WITH THESE ASSETS:

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TAS 5)".

The Group has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

The Group has no goodwill.

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated depreciation and the provision for value decreases.

Intangibles are amortized over three to five years (their estimated useful lives) using the straight-line method. The useful life of the asset is determined by assessing the expected useful time of the asset, technical, technological and other kinds of wear and tear and all required maintenance expenses necessary to utilize the economic benefit from the asset.

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

The Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" on 31 January 2017. The revaluation difference arising from the valuations made by the appraisal firms authorized by Capital Markets Board ("CMB") and BRSA, is accounted in Investment Properties Revaluation Differences line under the Shareholders' Equity.

Depreciation is calculated over the cost of property and equipment using the straight-line method over estimated useful lives. The estimated useful lives are stated below:

Buildings	50 years
Vault	5 years
Transportation Vehicles	5 years
Other property and equipments	4-7 years

The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item will remain in property and equipment.

Where the carrying amount of an asset is greater than its estimated "Net realizable value amount", it is written down to its "Net realizable value amount" and the impairment loss is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the tangible asset. Capital expenditures include the cost components that increase the useful life, or the capacity of the asset, increase the quality of the product or decrease its costs.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the "Lower of the fair value of the leased asset or the present value of the lease installments that are going to be paid for the leased asset". Leased assets are

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any impairment in value of the leased asset, an impairment loss is recognized. Liabilities arising from the leasing transactions are included in "Finance lease payables" in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement.

The Group performs financial leasing operations as a "Lessor" through Ak Finansal Kiralama A.Ş. which is a consolidated subsidiary. The asset subject to the financial leasing is presented in the balance sheet as receivable equal to the net leasing amount. Interest income is recognized over the term of the lease using the net investment method which reflects a constant periodic rate of return and the unearned portion is followed under unearned interest income account.

The Group provides specific provisions for financial lease receivables in accordance with the "Communiqué Regarding the Principles and Procedures for the Provisions Provided for Receivables by Financial Leasing, Factoring and Finance Companies" published in Official Gazette no. 28861, dated 23 December 2013. The Group provides general provisions for non-impaired financial lease receivables.

Transactions regarding operational agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:

Provisions and contingent liabilities are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the periodicity principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise in the Group, the asset and the related income are recognized in the financial statements in which the change occurs.

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

a. Employment termination benefits and vacation rights:

Obligations related to employment termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19").

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Group arising from this liability. In accordance with TAS 19, actuarial gains and losses are recognized in equity.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

b. Retirement rights:

The Bank's personnel are members of the "Akbank T.A.Ş. Personnel Pension Fund Foundation" ("Pension Fund") established in accordance with the Social Security Law numbered 506, temporary article No.20. The financial statements of the Pension Fund have been audited as of year ends by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

Temporary 23rd article paragraph ("the paragraph") 1 of the Banking Law No 5411 published in the Official Gazette no 25983 dated 1 November 2005 envisaged that Banks would transfer their pension funds to the Social Security Institution ("SSI") within three years following the publication date of the Banking Law, and regulated the principles of this transfer. The first paragraph of the related article was rescinded as from the 31 March 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

Following the publication of the reasoned decree of the Constitutional Court, Turkish Grand National Assembly commenced to work on a new law regarding the transfer of the members of funds to the Social Security Institution; the related articles of the Social Security Law ("New Law") numbered 5754 regarding the transfer of the funds, were ratified by the TGNA General Meeting on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

The main opposition party had appealed to the Constitutional Court for the cancellation of some of the articles of the New Law including transfer of the Funds to the SSI on 19 June 2008. The Constitution Court has dismissed the appeal with the decision taken in the meeting dated 30 March 2011. The reasoned decision has been published in the Official Gazette numbered 28156 dated 28 December 2011.

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. Accordingly the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. Within the postponement right granted to the Council of Ministers through the change in the first clause of the 20th provisional article of the "Social Insurance and General Health Insurance Law no. 5510" published on the Official Gazette no. 28227 dated 8 March 2012, the transfer process has been postponed for one more year with the decision of the Council of Ministers published on the Official Gazette no. 28987 dated 30 April 2014. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335.

According to the New Law, following the transfer of the members of the fund to the SSI, the funds and institutions will continue to provide the non-transferrable social benefits and payments which are included in the articles of association of the fund.

With respect to that, according to the technical balance sheet report as at 31 December 2016 prepared considering the related articles of the New Law regarding the transferrable benefit obligations for the non-transferrable social benefits and payments which are included in the articles of association, the Fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

Additionally, the Bank management is of the opinion that the possible obligation amount to arise during and after the transfer to be made within the framework described above will be at a reasonable level that can be met by the Fund's assets and will not bring any additional burden for the Bank.

The consolidated affiliates do not have the above mentioned retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated affiliates are subject to the Social Security Institution and other defined contribution plans.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

Turkish Tax Legislation does not permit a parent bank and its subsidiaries to file a consolidated tax return. Therefore, a provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

In Turkey, corporate tax rate is 20%. Corporate tax is calculated on the total income of the Bank after adjusting for certain disallowable expenses, tax-exempt income and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or are resident corporations, are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th day and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until the 25th day of the following fourth month after the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during which time period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Current tax, related to items recognized directly in equity is also credited or charged directly to equity.

Information on taxation in foreign associates are given below:

Akbank AG (Germany)

German-resident corporations (i.e. corporations with legal or business centers located in Germany) are subject to corporate taxation in Germany over their total income. Regardless of any profit distribution corporate tax is levied at 15% over total income. Effective corporate tax rate is 15,825% since an additional solidarity tax of 5,5% is applied over the calculated corporate tax. In addition to that, trade income tax at an approximate rate of 16% is levied by the local city governance. Accordingly, the total tax burden including all types of tax (corporate tax, solidarity tax and trade income tax) is approximately 32%.

Akbank (Dubai) Limited (United Arab Emirates)

Akbank Dubai is not subject to taxes according to the legislations of this country.

b. Deferred tax:

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax asset is not provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

According to TAS 12, deferred taxes and liabilities resulting from different subsidiaries subject to consolidation are not presented as net; rather they are presented separately as assets and liabilities in the financial statements.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Deferred tax, related to items recognized directly in equity is also credited or charged directly to equity.

XIX. EXPLANATIONS ON BORROWINGS:

Debt instruments with different characteristics such as syndicated and securitized borrowings and post-financing obtained from foreign financial institutions, marketable securities issued in domestic and foreign markets and money market borrowings are major funding source of the Group. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the discounted value calculated using the "Effective interest rate method".

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

There is no share certificate issuance in 2017.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the off-balance sheet commitments.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 March 2017 and 31 December 2016, there is no government grant for the Group.

XXIII. EXPLANATIONS ON SEGMENT REPORTING:

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

Reporting according to the operational segment is presented in Note IX of Section Four.

XXIV. PROFIT RESERVES AND PROFIT APPROPRIATION:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, but Holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

The Ordinary General Assembly Meeting of the Bank was held on 28 March 2017. In the Ordinary General Assembly, it was decided to distribute a TL 900.000 cash dividend over the TL 4.528.712 net income from 2016 operations to the Bank's shareholders. It was also resolved in the General Assembly to transfer TL 139.885 to special funds account under other capital reserves, to allocate TL 70.000 as legal and TL 3.418.827 as extraordinary reserves.

XXV. EARNINGS PER SHARE:

Earnings per share disclosed in the income statement are calculated by dividing net profit for the year by the weighted average number of shares outstanding during the period concerned.

	Current Period 31 March 2017	Prior Period 31 March 2016
Net Profit for the Year	1.452.200	1.070.742
Average Number of Issued Common Shares (Thousand)	400.000.000	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,00363	0,00268

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

No bonus shares issued in 2017 (2016: None).

XXVI. RELATED PARTIES:

Parties defined in Article 49 of the Banking Law No.5411, Bank's senior management, and Board Members are deemed as related parties. Transactions regarding related parties are presented in Note VI of Section Five.

XXVII. CASH AND CASH EQUIVALENT ASSETS:

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and cash equivalents include interbank money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

XXVIII. RECLASSIFICATIONS:

In order to be consistent with the presentation of financial statements dated 31 March 2017, there are certain reclassifications made on income statement of 31 March 2016.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**SECTION FOUR
INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP**

I. EXPLANATIONS ON EQUITY:

Total capital amount and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

As of 31 March 2017, total current year equity of the Group has been calculated as TL 40.330.898 (31 December 2016: 34.871.848), the capital adequacy ratio is 15,21 % (31 December 2016: 14,16). This ratio is well above the minimum ratio required by the legislation.

a. Information about total consolidated capital items:

	Current Period 31 March 2017	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
Share issue premiums	1.700.000	
Reserves	25.334.741	
Gains recognized in equity as per TAS	2.349.054	
Profit	2.205.095	
Current Period Profit	1.452.200	
Prior Period Profit	752.895	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	3.895	
Minorities' Share	130	
Common Equity Tier 1 Capital Before Deductions	36.998.810	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	19.364	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.062.191	
Improvement costs for operating leasing	25.223	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	252.119	315.149
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	1.358.897	
Total Common Equity Tier 1 Capital	35.639.913	

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Current Period 31 March 2017	Amounts related to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	63.030	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	35.576.883	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.800.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.965.932	
Tier II Capital Before Deductions	4.765.932	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	4.765.932	
Total Capital (The sum of Tier I Capital and Tier II Capital)	40.342.815	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	2.431	
Other items to be defined by the BRSA (-)	9.486	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Current Period 31 March 2017	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL		
Total Capital	40.330.898	
Total risk weighted amounts	265.089.103	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	13,45%	
Tier 1 Capital Adequacy Ratio	13,42%	
Capital Adequacy Ratio	15,21%	
BUFFERS		
Bank specific total common equity tier 1 capital ratio	6,77%	
Capital conservation buffer requirement	1,25%	
Bank specific counter-cyclical buffer requirement	1,02%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	5,46%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	442.048	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.965.932	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.965.932	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Prior Period 31 December 2016	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
Share issue premiums	1.700.000	
Reserves	21.492.133	
Gains recognized in equity as per TAS	47.106	
Profit	5.399.913	
Current Period Profit	4.854.168	
Prior Period Profit	545.745	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	3.895	
Minorities' Share	130	
Common Equity Tier 1 Capital Before Deductions	34.049.069	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	28.760	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.592.477	
Improvement costs for operating leasing	28.863	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	192.456	320.760
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	1.842.556	
Total Common Equity Tier 1 Capital	32.206.513	

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Prior Period 31 December 2016	Amounts related to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	128.304	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	32.078.209	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.804.483	
Tier II Capital Before Deductions	2.804.483	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	2.804.483	
Total Capital (The sum of Tier I Capital and Tier II Capital)	34.882.692	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	19	
Other items to be defined by the BRSA (-)	10.825	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Prior Period 31 December 2016	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL		
Total Capital	34.871.848	
Total risk weighted amounts	246.205.794	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	13,08%	
Tier 1 Capital Adequacy Ratio	13,03%	
Capital Adequacy Ratio	14,16%	
BUFFERS		
Bank specific total common equity tier 1 capital ratio	5,52%	
Capital conservation buffer requirement	0,63%	
Bank specific counter-cyclical buffer requirement	0,39%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	5,12%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital		-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital		-
Amount arising from mortgage-servicing rights		-
Amount arising from deferred tax assets based on temporary differences	451.915	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.927.745	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.804.483	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation		-
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation		-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4		-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4		-
Upper limit for Additional Tier II Capital subjected to temporary Article 4		-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4		-

(*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

b. Information about instruments that will be included in total capital calculation:

**Current Period
31 March 2017**

Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) [CUSIP, ISIN vb.]	XS1574750292 / US00972BAB53
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	1.800 million TL (in full TL amount)
Nominal value of instrument	1.800 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day (Maturity date: 16 March 2027)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 1.800 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	7,2%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None.
If convertible, fully or partially	None.
If convertible, conversion rate	None.
If convertible, mandatory or optional conversion	None.
If convertible, type of instrument convertible into	None.
If convertible, issuer of instrument to be converted into	None.
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliances with article number 7 and 8 of " Own fund regulation"	The instrument is not in compliant with article numbered 7.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

- c. The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from the general provision and subordinated loans. In the calculation of Total Capital, general provision up to 1,25% of credit risk and subordinated loans with nominal amounts, by reducing 20% each year if the remaining maturity is less than 5 year, are taken into consideration as Tier II Capital. Additionally, the losses reflected to equity under TAS which is subject to deduction from TIER I capital are determined by excluding the losses from cash flow hedging. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

II. EXPLANATIONS ON CURRENCY RISK

The difference between the Group's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. The Bank keeps the foreign exchange exposure amount within the limits set by the ERC. The Board, taking into account the recommendations by the ERC, sets a limit for the size of a foreign exchange exposure, which is closely monitored by ALCO. Those limits are individually determined and followed for both the net overall foreign currency position and for the foreign exchange exposure. Derivative financial instruments like forward foreign exchange contracts and currency swaps are used as tools for foreign exchange exposure management.

The Parent Bank's foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date are presented below:

	USD	EURO
Balance Sheet Evaluation Rate	TL 3,6000	TL 3,8464
1.Day bid rate	TL 3,6386	TL 3,9083
2.Day bid rate	TL 3,6416	TL 3,9268
3.Day bid rate	TL 3,6186	TL 3,9283
4.Day bid rate	TL 3,5931	TL 3,9045
5.Day bid rate	TL 3,6185	TL 3,9051

The simple arithmetic average of the Parent Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are presented in the table below:

USD :TL 3,6490
EURO :TL 3,8896

As of 31 December 2016;

	USD	EURO
Balance Sheet Evaluation Rate	TL 3,5000	TL 3,6897

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Information related to Group's Currency Risk:

The table below summarizes the Group's net foreign currency position, categorized by currency. Foreign currency indexed assets are classified as Turkish Lira assets according to the Uniform Chart of Accounts. In currency risk calculation, foreign currency indexed assets are considered as foreign currency items. In accordance with the "Communiqué on Calculation of Foreign Currency Net Position/Capital Standard Ratio by banks in stand-alone and consolidated basis"; prepaid expenses in assets, general loan loss provision and shareholders' equity in liabilities are excluded in the currency risk calculation. Therefore, there are differences between the amounts of foreign currency denominated assets and liabilities demonstrated on the table below and the amounts on the balance sheet.

Current Period – 31 March 2017	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank(**)	7.727.842	18.021.714	4.880.429	30.629.985
Banks	1.759.685	5.897.004	75.763	7.732.452
Financial Assets at Fair Value through Profit or Loss (Net)	765.447	2.182.284	52.935	3.000.666
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets (Net)	2.865.422	16.173.642	535.351	19.574.415
Loans	34.602.507	39.492.751	115.714	74.210.972
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments (Net)	3.027.688	9.846.993	-	12.874.681
Hedging Derivative Financial Assets	572	126.695	-	127.267
Tangible Assets (Net)	693	7.077	-	7.770
Intangible Assets (Net)	917	-	-	917
Other Assets	3.084.001	2.685.227	379	5.769.607
Total Assets	53.834.774	94.433.387	5.660.571	153.928.732
Liabilities				
Bank Deposits	1.572.661	3.181.027	905.785	5.659.473
Foreign Currency Deposits (**)	39.974.848	45.941.571	2.934.548	88.850.967
Funds from Interbank Money Market	1.085.914	21.211.952	-	22.297.866
Borrowings	10.577.489	22.516.822	2.707	33.097.018
Marketable Securities Issued (Net) (***)	58.153	11.829.847	156.325	12.044.325
Miscellaneous Payables	762.449	607.624	8.904	1.378.977
Hedging Derivative Financial Liabilities	-	98.064	-	98.064
Other Liabilities	504.960	627.305	62.482	1.194.747
Total Liabilities	54.536.474	106.014.212	4.070.751	164.621.437
Net on Balance Sheet Position	(701.700)	(11.580.825)	1.589.820	(10.692.705)
Net off-Balance Sheet Position (*)	2.311.837	11.588.895	(1.612.293)	12.288.439
Financial Derivative Assets	28.882.115	61.924.866	2.965.684	93.772.665
Financial Derivative Liabilities	26.570.278	50.335.971	4.577.977	81.484.226
Non-cash Loans	10.564.428	16.028.949	286.343	26.879.720
Prior Period - 31 December 2016				
Total Assets	52.054.227	97.959.465	1.623.901	151.637.593
Total Liabilities	50.248.734	101.834.814	3.698.872	155.782.420
Net on-Balance Sheet Position	1.805.493	(3.875.349)	(2.074.971)	(4.144.827)
Net off-Balance Sheet Position (*)	(247.988)	2.694.400	2.186.692	4.633.104
Financial Derivative Assets	23.610.103	54.216.249	3.126.154	80.952.506
Financial Derivative Liabilities	23.858.091	51.521.849	939.462	76.319.402
Non-cash Loans	9.300.574	14.739.107	331.003	24.370.684

(*) Presents the net balance of receivables and payables from derivative transactions. Foreign Exchange spot dealings shown under "Asset purchase commitments" in the financial statements are included in the net off-balance sheet position.

(**) Of the Cash Equivalents and Central Bank and Other FC, TL 4.812.310 (31 December 2016: TL 739.794) and of the foreign currency deposits TL 1.214.744 (31 December 2016: TL 1.166.647) are precious metal deposit account in demand.

(***) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

III. EXPLANATIONS ON INTEREST RATE RISK:

"Interest Rate Risk" can be defined as the impact of interest rate changes on interest-sensitive asset and liability items of both on and off-balance sheets of the Group. The ERC sets limits for the interest rate sensitivity of on and off-balance sheet items and the sensitivity is closely monitored and reported weekly. In the case of high market fluctuations, daily transaction based reporting and analyses are made.

The Group manages the interest rate risk on a portfolio basis and tries to minimize the risk effect on the profitability, financial exposure and cash flows by applying different strategies. Basic methods such as using fixed or floating interest rates for different portfolios and maturities, setting the fixed margin in floating rates, or varying the rates for the short or long-term positions are applied actively.

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

Current Period – 31 March 2017	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	25.736.950	-	-	-	-	7.527.242	33.264.192
Banks	1.221.862	460.772	10.383	-	-	6.276.762	7.969.779
Financial Assets at Fair Value Through Profit or Loss (Net)	786.244	2.848.794	2.549.880	905.737	508.625	13.749	7.613.029
Interbank Money Market Placements	31.108	-	-	-	-	-	31.108
Available-for-sale Financial Assets (Net)	4.705.963	4.207.410	9.103.523	13.816.394	6.420.075	309.180	38.562.545
Loans	46.383.098	23.302.719	52.163.071	55.375.273	9.170.256	155.166	186.549.583
Held-to-maturity Investments (Net)	535.513	597.366	6.649.214	9.419.340	1.206.759	-	18.408.192
Other Assets	1.134.793	1.343.478	1.512.414	2.925.473	777.585	5.817.865	13.511.608
Total Assets	80.535.531	32.760.539	71.988.485	82.442.217	18.083.300	20.099.964	305.910.036
Liabilities							
Bank Deposits	5.370.261	1.564.163	399.796	-	-	781.318	8.115.538
Other Deposits	98.976.601	23.353.356	13.978.429	4.956.737	480.571	29.492.165	171.237.859
Funds from Interbank Money Market	6.223.516	8.425.787	9.645.019	283.634	-	-	24.577.956
Miscellaneous Payables	149.403	291.140	651.502	207.380	69.685	4.497.431	5.866.541
Marketable Securities Issued (Net) (*)	155.583	1.357.186	4.435.169	3.610.711	5.277.815	-	14.836.464
Borrowings	2.133.678	24.198.076	6.203.457	754.355	200.274	-	33.489.840
Other Liabilities (**)	799.676	967.747	2.397.683	948.533	281.092	42.391.107	47.785.838
Total Liabilities	113.808.718	60.157.455	37.711.055	10.761.350	6.309.437	77.162.021	305.910.036
Balance Sheet Long Position	-	-	34.277.430	71.680.867	11.773.863	-	117.732.160
Balance Sheet Short Position	(33.273.187)	(27.396.916)	-	-	-	(57.062.057)	(117.732.160)
Off-balance Sheet Long Position	324.985	2.283.810	1.202.178	-	46.374	-	3.857.347
Off-balance Sheet Short Position	-	-	-	(187.957)	-	-	(187.957)
Total Position	(32.948.202)	(25.113.106)	35.479.608	71.492.910	11.820.237	(57.062.057)	3.669.390

(*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

(**) Shareholders' equity is presented under "Other liabilities" item at "Non-interest bearing" column.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

Prior Period – 31 December 2016	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	27.670.460	-	-	-	-	7.341.825	35.012.285
Banks	3.352.046	526.653	35.765	-	-	6.471.714	10.386.178
Financial Assets at Fair Value Through Profit or Loss (Net)	1.429.587	3.240.326	1.778.638	831.953	397.087	7.268	7.684.859
Interbank Money Market Placements	37	-	-	-	-	-	37
Available-for-sale Financial Assets (Net)	2.728.783	3.812.803	10.226.314	12.060.817	5.698.755	279.585	34.807.057
Loans	48.869.828	23.856.332	44.775.558	52.007.808	9.228.737	154.970	178.893.233
Held-to-maturity Investments (Net)	2.280.482	576.857	1.788.154	11.961.634	1.369.743	-	17.976.870
Other Assets	1.618.679	1.607.946	1.304.507	2.044.110	290.805	2.874.257	9.740.304
Total Assets	87.949.902	33.620.917	59.908.936	78.906.322	16.985.127	17.129.619	294.500.823
Liabilities							
Bank Deposits	4.079.131	1.693.367	456.626	-	-	972.501	7.201.625
Other Deposits	93.336.342	23.513.023	15.107.142	6.063.731	470.442	28.275.499	166.766.179
Funds from Interbank Money Market	10.370.994	11.826.881	4.850.089	272.078	-	-	27.320.042
Miscellaneous Payables	232.555	281.232	593.932	209.928	70.024	3.991.800	5.379.471
Marketable Securities Issued (Net)	855.665	629.450	1.959.159	5.703.582	3.385.445	-	12.533.301
Borrowings	2.032.329	26.445.184	2.992.424	728.260	106.089	-	32.304.286
Other Liabilities (*)	589.218	1.255.622	2.170.074	870.686	248.617	37.861.702	42.995.919
Total Liabilities	111.496.234	65.644.759	28.129.446	13.848.265	4.280.617	71.101.502	294.500.823
Balance Sheet Long Position	-	-	31.779.490	65.058.057	12.704.510	-	109.542.057
Balance Sheet Short Position	(23.546.332)	(32.023.842)	-	-	-	(53.971.883)	(109.542.057)
Off-balance Sheet Long Position	1.270.226	2.217.995	242.768	-	28.298	-	3.759.287
Off-balance Sheet Short Position	-	-	-	(44.426)	-	-	(44.426)
Total Position	(22.276.106)	(29.805.847)	32.022.258	65.013.631	12.732.808	(53.971.883)	3.714.861

(*) Shareholders' equity is presented under "Other liabilities" item in "Non-interest bearing".

b. Average interest rates for monetary financial instruments (%):

Average interest rates in the above tables are the weighted average rates of the related balance sheet items.

Current Period – 31 March 2017	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	1,00	-	4,00
Banks	0,26	1,20	-	13,23
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	15,42
Interbank Money Market Placements	-	-	-	10,74
Available-for-sale Financial Assets (Net)	2,44	3,96	3,79	10,06
Loans	3,64	5,26	4,25	13,23
Held-to-maturity Investments (Net)	3,62	4,05	-	10,41
Liabilities				
Bank Deposits	0,37	1,75	-	10,53
Other Deposits	1,21	2,31	0,06	8,83
Funds from Interbank Money Market	0,62	2,12	-	9,63
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	2,85	5,21	1,29	10,06
Borrowings	1,20	2,86	-	8,88

(*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Prior Period – 31 December 2016	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	0,75	-	5,31
Banks	0,19	2,24	-	12,00
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	12,27
Interbank Money Market Placements	-	-	-	9,84
Available-for-sale Financial Assets (Net)	2,38	3,71	3,79	9,52
Loans	3,66	5,07	4,27	13,04
Held-to-maturity Investments (Net)	3,62	4,05	-	9,82
Liabilities				
Bank Deposits	0,43	1,62	-	9,42
Other Deposits	1,13	2,45	0,07	8,78
Funds from Interbank Money Market	0,56	1,98	-	8,03
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	4,00	4,87	1,29	9,40
Borrowings	1,04	2,62	-	9,17

IV. EXPLANATIONS ON EQUITY SECURITIES POSITION RISK DERIVED FROM BANKING BOOKS:

The Bank doesn't have any subsidiaries and affiliates that are traded on the "BIST".

V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO:

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities. Liquidity risk arises from situations in which the Bank is unable to meet the cash outflows with its cash sources and borrowing opportunities over collateralizing marketable securities, in case of sudden fund withdrawals by the individual/institutional funders of the Bank.

a) Information on risk capacity of the Bank, Responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The Bank's liquidity and funding policy is to own sufficient liquidity reserve and funding opportunities to meet Bank's liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Bank.

The Bank has capacity to meet a high risk with broad and stable deposit, strong base capital structure and diversified foreign borrowing sources and is capable of providing additional liquidity with high quality liquid securities in its portfolio and available limits at both the Central Bank of Turkey and other Money markets.

Management of liquidity risk is shared by the ERC, ALCO, Treasury Department and Risk Management Department. The ERC determines the liquidity management policies and the appropriate liquidity risk level in line with the Bank's risk appetite and monitors whether the liquidity risk is managed under the framework of determined policies and within the defined limits.

The different categories of defined limits are;

- Limits related to wholesale funding sources,
- Limits related to liquid asset buffer,
- Limits related to loan/deposit ratio,
- Limits related to the cash inflows coverage capacity to cash outflows,
- Limits related to cash outflow coverage capacity in the stress environment

ALCO takes decision to use alternative funding sources, pricing of obtained funds and granted loans, and other decisions of Daily liquidity management. Treasury Department ensures that the Bank meets its short, middle and long term liabilities, with the transactions made in accordance with ALCO decisions order to utilize excess funding or close the funding gap, occurring on foreign currencies or maturity terms. Risk Management Department measures and monitors the liquidity risk, with the reports prepared and analyses made, and informs the top management. Liquidity risk reporting consists of periodic and special purpose reports prepared to be discussed in the ERC and ALCO meetings, stress tests, scenario analyses, risk limit compliance reports and legal liquidity reports.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

b) Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries:

Each of the Bank's subsidiaries within the consolidation scope manages its own liquidity. Nevertheless, there are defined limits related to the funding amount that the Bank will provide to a subsidiary, in case of liquidity issues. Cumulative liquidity gap resulted in stress scenarios of subsidiaries, should not exceed the fund limits provided by the Bank.

c) Information on the Bank's funding strategy including the policies on funding types and variety of maturities:

The Bank targets to obtain additional funding sources besides the strong capital structure, from the most possible diversified, long term stable sources, considering cost factors. In this direction, concentration ratios such as share of retail funding sources in total funding sources, share of deposits of high amount in total deposits, share of borrowings made from the market in total market volume are monitored and limited with the applied risk limits. Treasury Unit performs necessary work to obtain long term foreign funding.

d) Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities:

Almost all of the Bank's liabilities are in TL, USD or EUR currencies and TL funds comprise of mainly equity and deposits. The Bank's liquidity in TL is managed with repurchase agreements made at CBRT/BIST using high quality securities owned by the Bank. Together with keeping the main purpose as using liabilities in TL in funding assets in TL, foreign currency liabilities are used in creating assets in TL using foreign exchange swaps, when necessary. Liquidity management is performed in the scope of internal risk limits, such as short term borrowing limits from markets determined by the Bank, market concentration limits, liquidity stress scenario, and cumulative liquidity gap.

Foreign currency funds are obtained through foreign exchange deposit accounts, foreign based, foreign currency loans, securities issued and repurchase agreements. Foreign currency liquidity management is performed using internal risk limits defined for liquidity buffer kept at correspondent banks and monitored daily in the scope of the Bank's risk limits, and cumulative gap in the scope of liquidity stress scenario, and other risk limits defined for wholesale funding and concentration. The Bank has available foreign currency borrowing limits at CBRT/BIST and other banks.

e) Information on liquidity risk mitigation techniques:

Liquidity risk is mitigated by using techniques such as maintaining high quality liquid asset buffer to cover possible fund outflows, diversification of funding sources so far as possible and inclusion to the base, homogenizing the maturity distribution of repayments as far as possible, obtaining limits from funding institutions to use when necessary and ensuring that a determined portion of funding sources are comprised of deposit.

f) Information on the use of stress tests:

In cases of negative conditions such as an impairment in the securities in the Bank's portfolio, inability to replace short and long term borrowings, fast cash outflow, increase in non-performing loan ratio, high margin calls, the extent and duration of sufficient liquidity is analyzed by the stress tests made by the Risk Management Department. Risk limits determined according to analysis results exist within the Bank. It is ensured that the necessary actions are taken by sharing the analysis results and risk limit compliance status with the ALCO, ERC and related business units.

g) General information on urgent and unexpected liquidity situation plans:

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Liquidity Contingency Plan, which is approved and reviewed every year by the ERC. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. In case one or several emergency situations occur, Bank's Liquidity Contingency Plan is put into use. After Liquidity Contingency Plan is put into use, Liquidity Contingency Management Committee is responsible from the determination of actions to be taken.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Liquidity Coverage Ratio:

Current Period- 31.03.2017		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			49.428.314	30.167.224
CASH OUTFLOWS					
2	Retail and Customers Deposits	103.866.090	46.876.853	9.392.217	4.687.685
3	Stable deposits	19.887.840	-	994.392	-
4	Less stable deposits	83.978.250	46.876.853	8.397.825	4.687.685
5	Unsecured Funding other than Retail and Small Business Customers Deposits	65.161.007	37.520.485	33.278.677	19.500.897
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	62.258.512	37.306.805	31.423.918	19.290.928
8	Other Unsecured Funding	2.902.495	213.680	1.854.759	209.969
9	Secured funding			-	-
10	Other Cash Outflows	38.506.771	22.690.470	34.720.307	19.093.446
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	34.303.021	18.695.470	34.303.021	18.695.470
12	Debts related to the structured financial products Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
13		4.203.750	3.995.000	417.286	397.976
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	525.993	-	26.300	-
15	Other irrevocable or conditionally revocable commitments	54.450.060	17.269.413	2.722.503	863.471
16	TOTAL CASH OUTFLOWS			80.140.004	44.145.499
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	14.194.503	5.083.480	9.151.781	4.112.205
19	Other contractual cash inflows	30.391.608	26.406.471	30.391.211	26.406.443
20	TOTAL CASH INFLOWS	44.586.111	31.489.951	39.542.992	30.518.648
				Upper limit applied amounts	
21	TOTAL HQLA STOCK			49.428.314	30.167.224
22	TOTAL NET CASH OUTFLOWS			40.597.012	13.626.850
23	Liquidity Coverage Ratio (%)			121,84	228,15

(*)Simple arithmetic average calculated for the last three months of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last three months.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Prior Period- 31.12.2016	Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)		
	TL+FC	FC	TL+FC	FC	
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets		44.220.285	27.611.709	
CASH OUTFLOWS					
2	Retail and Customers Deposits	95.843.696	40.420.913	8.614.548	4.042.091
3	Stable deposits	19.396.433	-	969.822	-
4	Less stable deposits	76.447.263	40.420.913	7.644.726	4.042.091
5	Unsecured Funding other than Retail and Small Business Customers Deposits	60.880.264	33.548.206	30.803.352	17.305.123
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	57.984.140	33.093.978	28.952.075	16.854.049
8	Other Unsecured Funding	2.896.124	454.228	1.851.277	451.074
9	Secured funding				
10	Other Cash Outflows	36.183.727	23.298.800	33.180.019	20.470.668
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	32.849.260	20.157.913	32.849.260	20.157.913
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	3.334.467	3.140.887	330.759	312.755
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	561.720	-	28.086	-
15	Other irrevocable or conditionally revocable commitments	52.151.420	16.101.047	2.607.571	805.052
16	TOTAL CASH OUTFLOWS			75.233.576	42.622.934
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	15.903.166	6.960.917	10.349.421	5.634.160
19	Other contractual cash inflows	30.532.866	22.223.618	30.532.362	22.223.331
20	TOTAL CASH INFLOWS	46.436.032	29.184.535	40.881.783	27.857.491
			Upper limit applied amounts		
21	TOTAL HQLA STOCK			44.220.285	27.611.709
22	TOTAL NET CASH OUTFLOWS			34.351.793	14.990.017
23	Liquidity Coverage Ratio (%)			129,12	187,06

(*)Simple arithmetic average calculated for the last three months of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last three months.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in one month maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, marketable securities that are not subject to repurchase agreements or not given as collateral, corporate deposits, bank deposits, foreign funds and borrowings from banks. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

Periodic increases are observed in the liquidity coverage ratio during the weeks where the foreign currency reserve option is used in reserve requirements in CBRT, high amounts are maintained in bank placements or repurchase agreement volume decreases, on the other hand, fluctuations may occur in the liquidity coverage ratio during the weeks where the share of corporate or bank funds increase, or long term foreign funds which are replaced when due, such as syndicated loans are due in one month. Despite these fluctuations, it is observed that the ratio does not decrease below 112% during the period and remain at a quite higher level than the legal lower limit.

Although the derivative transactions create net cash flow of small amount in terms of total liquidity coverage ratio, fluctuations in foreign currency derivative transactions, especially in foreign exchange swaps cause the foreign currency liquidity coverage ratio to be affected.

The Bank's high quality liquid assets mainly comprise of CBRT accounts by 55% and securities issued by Treasury of Republic of Turkey by 42%. Funding sources are mainly distributed between individual and retail deposits by 61%, corporate deposits by 29%, borrowings from banks by 4% and collateralized borrowings such as repurchase agreements by 1%.

Cash outflow amounting to TL 3.393 million (in full TL amount) is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

Akbank AG, part of the consolidation group and has an effect on liquidity coverage ratio in respect of its size, is subject to legal liquidity ratio projected by regulatory authority situated in its business location. In respect of its long term deposit insurance and borrowing structure which is hard to withdraw before maturity because of legal regulations, consolidated liquidity coverage ratio is higher than unconsolidated ratio.

In accordance with the "Regulation On Calculation of Bank's Liquidity Coverage Ratio", published in Official Gazette no. 28948, dated 21 March 2014, liquidity coverage ratio is calculated for the last three months are presented below.

	Current Period - 31.03.2017	
	TL+FC	FC
January	123,99	178,90
February	115,96	220,00
March	125,57	285,54

	Prior Period - 31.12.2016	
	TP+YP	YP
October	122,85	149,72
November	120,89	220,90
December	143,62	190,56

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 31 March 2017	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated (*)	Total
Assets								
Cash Equivalents and Central Bank	8.226.849	24.987.885	49.458	-	-	-	-	33.264.192
Banks	6.276.762	1.221.862	460.772	10.383	-	-	-	7.969.779
Financial Assets at Fair Value Through Profit or Loss (Net)	13.749	310.453	206.804	1.652.528	3.295.584	2.133.911	-	7.613.029
Interbank Money Market Placements	-	31.108	-	-	-	-	-	31.108
Available-for-sale Financial Assets (Net)	309.180	501.931	3.858	3.033.095	22.227.716	12.486.765	-	38.562.545
Loans	-	22.373.084	30.311.331	38.615.492	72.958.719	22.135.791	155.166	186.549.583
Held-to-maturity Investments (Net)	-	-	-	3.757.981	12.846.086	1.804.125	-	18.408.192
Other Assets	847.531	904.090	398.170	1.332.369	4.570.541	1.097.858	4.361.049	13.511.608
Total Assets	15.674.071	50.330.413	31.430.393	48.401.848	115.898.646	39.658.450	4.516.215	305.910.036
Liabilities								
Bank Deposits	781.318	5.322.565	1.611.859	399.796	-	-	-	8.115.538
Other Deposits	30.672.394	97.795.306	23.315.340	14.016.982	4.957.266	480.571	-	171.237.859
Borrowings	-	686.154	1.485.221	14.782.639	11.399.614	5.136.212	-	33.489.840
Funds from Interbank Money Market	-	2.913.732	830.575	7.352.507	11.311.964	2.169.178	-	24.577.956
Marketable Securities Issued (Net) (**)	-	116.122	1.357.186	4.474.631	3.610.710	5.277.815	-	14.836.464
Miscellaneous Payables	155.554	4.491.281	162.564	539.926	296.134	221.082	-	5.866.541
Other Liabilities (***)	130.439	2.399.824	489.146	2.865.748	4.965.127	955.042	35.980.512	47.785.838
Total Liabilities	31.739.705	113.724.984	29.251.891	44.432.229	36.540.815	14.239.900	35.980.512	305.910.036
Net Liquidity Excess/ (Gap)	(16.065.634)	(63.394.571)	2.178.502	3.969.619	79.357.831	25.418.550	(31.464.297)	-
Net Off-balance sheet Position								
Financial Derivative Assets	-	(369.706)	(67.009)	558.250	2.517.397	1.030.458	-	3.669.390
Financial Derivative Liabilities	-	33.352.222	13.776.270	55.485.011	89.312.703	35.706.478	-	227.632.684
Non-cash Loans (****)	-	3.445.200	5.047.763	13.940.419	3.830.936	17.399.656	-	43.663.974
Prior Period - 31 December 2016								
Total Assets	20.707.106	51.034.043	26.248.536	44.500.270	109.566.525	40.557.632	1.886.711	294.500.823
Total Liabilities	30.674.751	110.012.320	33.935.018	33.579.825	40.616.104	13.190.538	32.492.267	294.500.823
Net Liquidity Excess/ (Gap)	(9.967.645)	(58.978.277)	(7.686.482)	10.920.445	68.950.421	27.367.094	(30.605.556)	-
Net Off-balance sheet Position								
Financial Derivative Assets	-	210.927	(543.020)	458.147	2.218.108	1.370.701	-	3.714.863
Financial Derivative Liabilities	-	18.596.432	22.825.167	45.712.330	83.437.964	35.664.419	-	206.236.312
Non-cash Loans (****)	-	2.164.751	4.218.702	13.602.349	3.675.985	16.685.349	-	40.347.136

(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments, subsidiaries, stationery, pre-paid expenses and loans under follow-up, are shown in this column.

(**) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

(***) Shareholders' Equity is presented under "Other Liabilities" item in the "Unallocated" column.

(****) Amounts related to Letters of Guarantee represent contractual maturity and related amounts. Amounts are demand and can be withdrawn optional.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VI. EXPLANATIONS ON LEVERAGE RATIO:

Information on subjects that causes difference in leverage ratio between current and prior periods:

As of 31 March 2017, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is 8,62 % (31 December 2016: 8,32 %). This ratio is above minimum ratio which is 3%. Leverage ratio is almost on the same level in the current and prior period.

Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS :

	Current Period 31 March 2017(**)	Prior Period 31 December 2016(**)
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	303.748.942	283.957.197
2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	2.308.893	2.227.699
3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	4.569.536	4.026.602
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(23.949.920)	(26.043.948)
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(978.149)	(913.573)
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	121.982.377	119.792.270
7 Total Risk	407.681.679	383.046.247

(*) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué on Preparation of Consolidated Financial Statements of the Banks.

(**)The arithmetic average of the last 3 months in the related periods

Disclosure of Leverage ratio template :

	Current Period 31 March 2017 (*)	Prior Period 31 December 2016(*)
Balance sheet Assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	296.740.746	279.032.802
2 (Assets deducted from Core capital)	(64.101)	(100.744)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	296.676.645	278.932.058
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	9.502.433	7.140.932
5 Potential credit risk amount of derivative financial assets and credit derivatives	4.569.536	4.026.602
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	14.071.969	11.167.534
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity	3.246.606	3.076.086
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	3.246.606	3.076.086
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	94.664.608	90.784.142
11 (Correction amount due to multiplication with credit conversion rates)	(978.149)	(913.573)
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	93.686.459	89.870.569
Capital and total risk		
13 Core Capital	35.152.104	31.856.783
14 Total risk amount (sum of lines 3, 6, 9 and 12)	407.681.679	383.046.247
Leverage ratio		
15 Leverage ratio	8,62	8,32

(*) Three months average values

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VII. EXPLANATIONS ON RISK MANAGEMENT :

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables, which have to be prepared within the scope of Internal rating-based (IRB) approach, are not presented

Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period 31 March 2017	Prior Period 31 December 2016	Current Period 31 March 2017
1 Credit risk (excluding counterparty credit risk) (CCR)	225.561.569	210.883.890	18.044.926
2 Standardized approach (SA)	225.561.569	210.883.890	18.044.926
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	14.778.523	13.262.393	1.182.282
5 Standardized approach for counterparty credit risk (SA-CCR)	14.778.523	13.262.393	1.182.282
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-
9 Investments made in collective investment companies – mandate-based approach (*)	232.513	212.244	18.601
10 Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11 Settlement risk	-	75	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	5.046.244	4.527.375	403.699
17 Standardized approach (SA)	5.046.244	4.527.375	403.699
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	19.470.254	17.319.817	1.557.620
20 Basic Indicator Approach	19.470.254	17.319.817	1.557.620
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	265.089.103	246.205.794	21.207.128

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

The Group hedges its TL and foreign denominated fixed rate financial assets with cross currency swaps and interest swaps. Within the scope of fair value hedge, fair value changes of hedging instrument and hedged item are accounted in the income statement. As long as the hedge relationship is effective, fair value change of the hedged item is disclosed together with its related asset or liability in the balance sheet for TL denominated fixed rate mortgage loans. Fair value changes which have already been booked in equity, have been reclassified from equity to income statement for TL and FC denominated fixed rate available-for-sale financial assets.

The Group hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate swaps. Within the scope of cash flow hedge accounting, effective part of the fair value changes of the hedging instrument are accounted in equity under "Hedging reserves" whereas ineffective part is accounted in the income statement. At instances when cash flows relating to hedged item (interest expense) affect the income statement, profit/loss of the related hedging item is taken out of the equity and reflected on the income statement.

Prospective tests are performed at the inception of the hedge relationships and both prospective and retrospective tests are performed at each reporting period-end regularly by using "Dollar off-set method". In this method, changes in the fair value of the hedged item and changes in the fair value of the hedging instruments between the designation date and each reporting period-end are compared and effectiveness ratio is calculated. In the determination of the fair values of hedging instruments and hedged item, market yield curves are used. Hedge accounting principles are applied by assessing the calculated effectiveness ratio within the scope of TAS 39.

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked;

- The hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized,
- Adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges.

In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in income statement.

In accordance with TAS 39, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy.

The Group also applies fair value hedge to hedge the foreign currency risk arising from investments abroad. Effective portion of the fair value change of the hedging instrument is accounted under "Hedging funds" under equity. Ineffective portion is accounted under income statement.

As of 31 March 2017, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet of the Bank are summarized in the following table:

	Current Period 31 March 2017			Prior Period 31 December 2016		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	2.497.225	818.614	-	2.497.225	682.966	-
-FC	21.436.282	127.267	98.064	20.894.823	124.908	98.991
Total	23.933.507	945.881	98.064	23.392.048	807.874	98.991

1. Explanations on Accounting Net Investment Hedge:

The Group has been using hedge against fair value strategy to hedge against foreign currency risk born of EURO 320 million which represents share premiums and paid-in-capital of Akbank AG, one of its subsidiaries. EURO 320 million of syndication loans used by the Group have been classified as "hedge instruments."

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. Explanations on Fair Value Hedge:

Current Period - 31 March 2017

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC available-for-sale financial assets	Interest rate risk	(103.521)	98.627	(4.894)
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	317	(324)	(7)
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	712	(710)	2
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	933.356	(925.926)	7.430

(*) Includes fair value differences arising from changes in foreign exchange rates for hedges against interest rate and foreign currency from the interest rate and foreign exchange risks.

(**) Represents the cumulative amounts booked under "Gains / (Losses) on Derivative Financial Transactions" and "Gains/ (Losses) on Foreign Exchange Transactions" since the beginning of hedge accounting.

Prior Period - 31 December 2016

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC available-for-sale financial assets	Interest rate risk	(94.580)	89.557	(5.023)
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	260	(246)	14
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	599	(732)	(133)
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	784.031	(776.488)	7.543

(*) Includes fair value differences arising from changes in foreign exchange rates for hedges against interest rate and foreign currency from the interest rate and foreign exchange risks.

(**) Represents the cumulative amounts booked under "Gains / (Losses) on Derivative Financial Transactions" and "Gains/ (Losses) on Foreign Exchange Transactions" since the beginning of hedge accounting.

As of 31 March 2017 fair value hedge transactions have been proven to be effective.

In addition, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked with the information related discontinuous transactions are given below:

- As of 31 March 2017, related to fair value hedge transactions, the remaining net amount after amortization of the fair value change of the hedged items since the beginning of hedge accounting is TL 15.274 (31 December 2016: TL 12.845).

3. Explanations on Cash Flow Hedge:

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	99.080	-	3.315	(1.694)	-

As of 31 March 2017 cash flow hedge transactions have been determined as effective.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

In addition, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked with the information related discontinuous transactions are given below:

- As of 31 March 2017, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL (38.600) (31 December 2016: TL (43.865)).

IX. EXPLANATIONS ON BUSINESS SEGMENTS:

The Group operates in three main business segments including including consumer banking, commercial banking, SME banking, and corporate-investment and private banking with treasury activities. These segments have been determined considering customer segments and branch network providing services to customers in accordance with the Bank's organizational structure.

The profitability system generating segment information provides profitability information on the basis of account customer, customer relationship manager, branch segment and product. This information is made available to the branch and Head Office personnel through a web-based management reporting system.

Consumer banking offers a variety of retail services such as deposit accounts, consumer loans, commercial installment loans, credit cards, insurance products and asset management services. The consumer banking products and services also include bank cards, investment funds trading, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, investment banking, telephone and internet banking.

Corporate Banking and Commercial Banking and SME Banking provide financial solutions and banking services to large, medium and small size corporate and commercial customers. The products and services offered to corporate and commercial customers include TL and foreign currency denominated working capital loans financing for investments, foreign trade financing, derivative instruments for hedging purposes of foreign currency and interest risk, letters of credit, foreign currency trading, corporate finance services and deposit and cash management services. In addition, the Bank provides timely and permanent solutions for corporate customers' working capital management, delivers cash management services tailored based on customers' requests that include collection and payment services and liquidity and information management. Project finance loans are provided within the context of investment banking activities. In the scope of private banking, The Bank serves the members of the high-income customers who have expectations for upper-class service quality both in banking and investment transactions.

The Treasury Unit conducts TL and FC spot and forward transactions, treasury bonds, government bonds, Eurobond and private sector bond transactions and also derivative trading activities within determined limits. These transactions are performed according to the Bank's requirements. Furthermore, Treasury Unit also carries out marketing and pricing activities of treasury products for customers and branch network. The Treasury Unit also serves in fundamental areas such as providing long-term funding opportunities, creating funding facility at lower prices that fully reflect country risk, diversifying funding resources and creating a base of international investors for that purpose.

Other Business segments consist of the operations of Ak Finansal Kiralama A.Ş., Ak Yatırım Menkul Değerler A.Ş., Ak Portföy Yönetim A.Ş. and Akbank (Dubai) Limited which are consolidated as subsidiary of Bank.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Information on business segments as of 31 March 2017 and 31 December 2016 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

	Consumer Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Current Period – 31 March 2017					
Operating Income	1.112.399	1.781.953	138.130	425.585	3.458.067
Profit from Operating Activities	466.609	1.233.670	70.538	67.622	1.838.439
Income from Subsidiaries	-	-	-	908	908
Profit before Tax	466.609	1.233.670	70.538	68.530	1.839.347
Corporate Tax	-	-	-	(387.144)	(387.144)
Minority Shares	-	-	-	(3)	(3)
Net Profit for the Period	466.609	1.233.670	70.538	(318.617)	1.452.200
Segment Assets	49.905.644	155.569.157	82.755.960	6.205.170	294.435.931
Investments in Associates.	-	-	-	-	3.923
Undistributed Assets	-	-	-	-	11.470.182
Total Assets	-	-	-	-	305.910.036
Segment Liabilities	88.906.868	88.699.964	75.150.955	5.455.511	258.213.298
Undistributed Liabilities	-	-	-	-	11.716.226
Shareholders' Equity	-	-	-	-	35.980.512
Total Liabilities	-	-	-	-	305.910.036
Other Segment Items					
Capital Investment	-	-	-	445.335	445.335
Amortization	(5.262)	(4.140)	(17)	(57.867)	(67.286)
Non-cash Other Income-Expense	(77.422)	(123.046)	(14.923)	(258.201)	(473.592)

	Consumer Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Prior Period – 31 December 2016(*)					
Operating Income	1.061.084	1.479.421	139.266	274.126	2.953.897
Profit from Operating Activities	366.671	993.119	86.453	(88.364)	1.357.879
Income from Subsidiaries	-	-	-	656	656
Profit before Tax	366.671	993.119	86.453	(87.708)	1.358.535
Corporate Tax	-	-	-	(287.790)	(287.790)
Minority Shares	-	-	-	(3)	(3)
Net Profit for the Period	366.671	993.119	86.453	(375.501)	1.070.742
Segment Assets	50.388.066	147.186.165	80.504.590	5.614.790	283.693.611
Investments in Associates.	-	-	-	-	3.923
Undistributed Assets	-	-	-	-	10.803.289
Total Assets	-	-	-	-	294.500.823
Segment Liabilities	85.174.995	87.332.818	76.307.706	4.662.127	253.477.646
Undistributed Liabilities	-	-	-	-	8.530.910
Shareholders' Equity	-	-	-	-	32.492.267
Total Liabilities	-	-	-	-	294.500.823
Other Segment Items					
Capital Investment	-	-	-	22.751	22.751
Amortization	(7.578)	(5.664)	(21)	(40.483)	(53.746)
Non-cash Other Income-Expense	(145.480)	(157.926)	(2.219)	(234.734)	(540.359)

(*) 31 March 2016 amounts are used for income statement accounts.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**SECTION FIVE
INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

a. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the "CBRT"):

1. Information on cash equivalents and the account of the CBRT:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Cash/Foreign Currency	1.108.303	602.035	1.135.291	559.576
The CBRT (*)	1.525.785	29.989.641	4.228.312	28.943.471
Other (**)	119	38.309	1	145.634
Total	2.634.207	30.629.985	5.363.604	29.648.681

(*) As of 31 March 2017, precious metal account amounting to TL 4.777.679 are included in FC (31 December 2016: TL 734.847).

(**) As of 31 March 2017, precious metal account amounting to TL 34.631 are included in FC (31 December 2016: TL 4.947).

2. Information related to the account of the CBRT:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Demand Unrestricted Account	1.653	-	1.530	-
Time Unrestricted Account	-	2.353.997	-	5.173.596
Time Restricted Account	-	-	-	-
Reserve Requirement	1.524.132	27.635.644	4.226.782	23.769.875
Total	1.525.785	29.989.641	4.228.312	28.943.471

3. Explanation on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. CBRT pays interest on reserve balances held in TL and USD.

The reserve rates for TL liabilities vary between 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 31 March 2017 (31 December 2016: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 24% for deposit and other foreign currency liabilities according to their maturities as of 31 March 2017 (31 December 2016: 4,5% and 24,5% for all foreign currency liabilities)

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

b. Information on financial assets at fair value through profit or loss:

- As of 31 March 2017, financial assets at fair value through profit or loss given as collateral/blocked amount to TL 9.956 (31 December 2016: TL 9.721); and those subject to repo transactions amount to TL 491 (31 December 2016: TL 569).
- Table of positive differences related to trading derivative financial assets:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Forward Transactions	435.510	-	471.979	-
Swap Transactions	4.078.027	2.821.237	3.702.044	3.184.326
Futures Transactions	-	-	-	-
Options	32.682	179.429	26.984	235.605
Other	-	-	-	-
Total	4.546.219	3.000.666	4.201.007	3.419.931

c. Information on banks account:

1. Information on banks account:	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Banks				
Domestic	236.964	1.156.556	149.080	2.574.639
Foreign	363	6.575.896	1.447	7.661.012
Head Quarters and Branches Abroad	-	-	-	-
Total	237.327	7.732.452	150.527	10.235.651

d. Information on available-for-sale financial assets:

- As of 31 March 2017, available-for-sale financial assets subject to repurchase agreements amount to TL 14.621.533 (31 December 2016: TL 16.282.871); and those given as collateral/blocked amounting to TL 2.876.559 (31 December 2016: TL 2.062.303).
- Information on available-for-sale financial assets:

	Current Period 31 March 2017	Prior Period 31 December 2016
Debt Securities	39.206.087	35.630.700
Quoted to Stock Exchange (*)	38.930.163	35.462.993
Not Quoted to Stock Exchange	275.924	167.707
Share Certificates	76.667	67.341
Quoted to Stock Exchange	-	-
Not Quoted to Stock Exchange	76.667	67.341
Impairment Provision (-)	720.209	890.984
Total	38.562.545	34.807.057

(*) Investment funds are included.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

e. Information related to loans:

1. Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	246	-	245
Corporate Shareholders	-	246	-	245
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	5.027.169	803.737	4.591.797	900.355
Loans Granted to Employees	100.322	-	105.759	-
Total	5.127.491	803.983	4.697.556	900.600

2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled

	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Non-specialized Loans	181.253.694	3.197.702	-	5.140.723	2.604.970	-
Business Loans	30.333.945	448.017	-	1.202.537	662.389	-
Export Loans	8.386.119	79.828	-	17.989	10.897	-
Import Loans	1.481.723	-	-	-	-	-
Loans Granted to Financial Sector	8.059.738	7.408	-	578	-	-
Consumer Loans	28.549.106	599.924	-	1.424.845	867.237	-
Credit Cards	12.267.986	460.955	-	597.364	446.768	-
Other	92.175.077	1.601.570	-	1.897.410	617.679	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	181.253.694	3.197.702	-	5.140.723	2.604.970	-

The Bank has a cash loan exposure of USD 1.5 billion related with the acquisition finance of a telecommunication company within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral. Negotiations on restructuring of the loan have started among the telecommunication company's shareholders, creditor banks and related public authorities, which may also include a change in the shareholder structure of the Company and it is expected that negotiations will produce a positive outcome. Respective loan is classified under "Standard loans and other receivables" as of 31 March 2017.

	Standard loans and other receivables	Loans and other receivables under close monitoring
Number of Extension		
Extended by 1 or 2 times	3.058.211	1.944.746
Extended by 3,4 or 5 times	139.028	660.209
Extended by more than 5 times	463	15
Total	3.197.702	2.604.970

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Extension periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	314.175	371.668
6 - 12 Months	169.516	250.065
1 - 2 Years	730.148	550.452
2 - 5 Years	1.243.645	947.560
5 Years and over	740.218	485.225
Total	3.197.702	2.604.970

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:

Current Period- 31.03.2017	Short-term	Medium and Long-term	Total
Consumer Loans-TL	468.335	28.455.487	28.923.822
Mortgage Loans	12.111	14.021.270	14.033.381
Automotive Loans	5.589	343.479	349.068
Consumer Loans	450.635	14.090.738	14.541.373
Other	-	-	-
Consumer Loans- Indexed to FC	-	8.160	8.160
Mortgage Loans	-	7.149	7.149
Automotive Loans	-	-	-
Consumer Loans	-	1.011	1.011
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	9.825.935	730.018	10.555.953
With Installment	4.108.912	726.341	4.835.253
Without Installment	5.717.023	3.677	5.720.700
Consumer Credit Cards-FC	9.802	-	9.802
With Installment	-	-	-
Without Installment	9.802	-	9.802
Personnel Loans-TL	3.316	58.125	61.441
Mortgage Loans	-	2.886	2.886
Automotive Loans	-	114	114
Consumer Loans	3.316	55.125	58.441
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	38.611	33	38.644
With Installment	15.960	33	15.993
Without Installment	22.651	-	22.651
Personnel Credit Cards-FC	237	-	237
With Installment	-	-	-
Without Installment	237	-	237
Credit Deposit Account-TL (Real Person)	980.528	-	980.528
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	11.326.764	29.251.823	40.578.587

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Prior Period- 31.12.2016	Short-term	Medium and Long-term	Total
Consumer Loans-TL	453.953	27.962.936	28.416.889
Mortgage Loans	8.491	13.548.749	13.557.240
Automotive Loans	5.413	372.723	378.136
Consumer Loans	440.049	14.041.464	14.481.513
Other	-	-	-
Consumer Loans- Indexed to FC	-	10.708	10.708
Mortgage Loans	-	9.601	9.601
Automotive Loans	-	-	-
Consumer Loans	-	1.107	1.107
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	9.862.772	747.868	10.610.640
With Installment	4.152.291	745.705	4.897.996
Without Installment	5.710.481	2.163	5.712.644
Consumer Credit Cards-FC	9.319	-	9.319
With Installment	-	-	-
Without Installment	9.319	-	9.319
Personnel Loans-TL	2.966	62.162	65.128
Mortgage Loans	-	3.000	3.000
Automotive Loans	-	147	147
Consumer Loans	2.966	59.015	61.981
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	40.491	38	40.529
With Installment	16.120	38	16.158
Without Installment	24.371	-	24.371
Personnel Credit Cards-FC	102	-	102
With Installment	-	-	-
Without Installment	102	-	102
Credit Deposit Account-TL (Real Person)	938.942	-	938.942
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	11.308.545	28.783.712	40.092.257

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

4. Information on commercial installment loans and corporate credit cards:

Current Period – 31.03.2017	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	1.274.730	10.160.671	11.435.401
Mortgage Loans	1.937	6.372	8.309
Automotive Loans	48.294	895	49.189
Consumer Loans	1.224.499	10.153.404	11.377.903
Other	-	-	-
FC Indexed Commercial Installment Loans	27.820	226.267	254.087
Mortgage Loans	-	2.870	2.870
Automotive Loans	4.440	290	4.730
Consumer Loans	23.380	223.107	246.487
Other	-	-	-
Commercial Installment Loans-FC	161	152.010	152.171
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	161	152.010	152.171
Other	-	-	-
Corporate Credit Cards-TL	2.258.106	127	2.258.233
With Installment	975.159	75	975.234
Without Installment	1.282.947	52	1.282.999
Corporate Credit Cards-FC	2.481	-	2.481
With Installment	-	-	-
Without Installment	2.481	-	2.481
Credit Deposit Account-TL (Legal Person)	756.624	-	756.624
Credit Deposit Account-FC (Legal person)	-	-	-
Total	4.319.922	10.539.075	14.858.997

Prior Period – 31.12.2016	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	1.111.879	6.336.363	7.448.242
Mortgage Loans	2.111	8.541	10.652
Automotive Loans	47.976	2.097	50.073
Consumer Loans	1.061.792	6.325.725	7.387.517
Other	-	-	-
FC Indexed Commercial Installment Loans	39.970	166.395	206.365
Mortgage Loans	-	3.040	3.040
Automotive Loans	6.296	1.056	7.352
Consumer Loans	33.674	162.299	195.973
Other	-	-	-
Commercial Installment Loans-FC	84	153.604	153.688
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	84	153.604	153.688
Other	-	-	-
Corporate Credit Cards-TL	2.157.063	127	2.157.190
With Installment	952.803	80	952.883
Without Installment	1.204.260	47	1.204.307
Corporate Credit Cards-FC	1.436	-	1.436
With Installment	-	-	-
Without Installment	1.436	-	1.436
Credit Deposit Account-TL (Legal Person)	726.714	-	726.714
Credit Deposit Account-FC (Legal person)	-	-	-
Total	4.037.146	6.656.489	10.693.635

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

5. Distribution of domestic and foreign loans: Loans are classified according to the locations of the customers:

	Current Period 31 March 2017	Prior Period 31 December 2016
Domestic Loans	179.408.367	171.595.025
Foreign Loans	6.986.050	7.143.238
Total	186.394.417	178.738.263

6. Loans granted to investments in associates and subsidiaries: None.

7. Specific provisions accounted for loans:

	Current Period 31 March 2017	Prior Period 31 December 2016
Loans and Other Receivables with Limited Collectibility	402.241	587.401
Loans and Other Receivables with Doubtful Collectibility	943.679	815.140
Uncollectible Loans and Receivables	2.993.366	2.709.680
Total	4.339.286	4.112.221

8. Information on non-performing loans (Net):

8 (i).Information on non-performing loans restructured or rescheduled and other receivables:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period: 31 March 2017			
(Gross Amounts Before Specific Provisions)	31.653	59.778	83.240
Restructured Loans and Other Receivables	31.653	59.778	83.199
Rescheduled Loans and Other Receivables	-	-	41
Prior Period: 31 December 2016			
(Gross Amounts Before Specific Provisions)	38.292	63.415	76.164
Restructured Loans and Other Receivables	36.475	62.859	74.909
Rescheduled Loans and Other Receivables	1.817	556	1.255

8 (ii).Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Prior Period End Balance: 31 December 2016	587.401	815.140	2.864.650
Additions (+)	429.270	2.693	5.457
Transfers from Other Categories of Non-Performing Loans (+)	-	563.437	373.696
Transfers to Other Categories of Non-Performing Loans (-)	563.437	373.696	-
Collections (-)	50.686	62.125	93.035
Write-offs (-)	307	1.770	2.236
Corporate and Commercial Loans	23	1.121	550
Consumer Loans	176	441	1.033
Credit Cards	108	208	653
Other	-	-	-
Balance at the End of the Period	402.241	943.679	3.148.532
Specific Provisions (-)	402.241	943.679	2.993.366
Net Balance at Balance Sheet (*)	-	-	155.166

(*) The Bank has sold non-performing loan portfolio, for which 100% provision was provided and which is worth TL 450,1 million, (in full TL amount) for an amount of TL 49,1 million (in full TL amount).

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

8 (iii).Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period: 31 March 2017			
Balance at the End of the Period	83.716	65.777	288.535
Specific Provision (-)	83.716	65.777	157.459
Net Balance on Balance Sheet	-	-	131.076
Prior Period: 31 December 2016			
Balance at the End of the Period	54.196	56.434	245.869
Specific Provision (-)	54.196	56.434	114.793
Net Balance at Balance Sheet	-	-	131.076

In Parent Bank, non-performing loans granted as foreign currency are followed under TL accounts of balance sheet.

8 (iv).Breakdown of non-performing loans according to their gross and net values:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period (Net): 31 March 2017			
Loans granted to corporate entities and real persons (Gross)	402.241	943.679	3.148.532
Specific Provision Amount (-)	402.241	943.679	2.993.366
Loans granted to corporate entities and real persons (Net)	-	-	155.166
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
Prior Period (Net): 31 December 2016			
Loans granted to corporate entities and real persons (Gross)	587.401	815.140	2.864.650
Specific Provision Amount (-)	587.401	815.140	2.709.680
Loans granted to corporate entities and real persons (Net)	-	-	154.970
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

f. Held-to-maturity investments:

1. Information on financial assets subject to repurchase agreements and those given as collateral/blocked:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Given as collateral/blocked	112.578	1.425.922	113.728	2.122.032
Subject to repurchase agreements	2.372.137	7.716.247	3.625.467	7.110.699
Total	2.484.715	9.142.169	3.739.195	9.232.731

2. Information on held-to-maturity government debt securities:

	Current Period 31 March 2017	Prior Period 31 December 2016
Government Bonds	13.361.105	13.091.240
Treasury Bills	-	-
Other Government Debt Securities	2.440.040	2.370.665
Total	15.801.145	15.461.905

3. Information on held-to-maturity investments:

	Current Period 31 March 2017	Prior Period 31 December 2016
Debt Securities	18.624.186	18.150.663
Quoted to Stock Exchange	18.624.186	18.150.663
Not Quoted to Stock Exchange	-	-
Impairment Provision (-)	215.994	173.793
Total	18.408.192	17.976.870

4. The movement of investment securities held-to-maturity:

	Current Period 31 March 2017	Prior Period 31 December 2016
Balance at the Beginning of the Period	17.976.870	10.688.439
Foreign Currency Differences on Monetary Assets	373.262	1.269.337
Purchases During Year (*)	24.564	5.882.218
Disposals Through Sales and Redemptions (-)	25.063	130.259
Impairment Provision (-)	42.200	100.753
Change in Amortized Cost	100.759	367.888
Balance at the End of the Period	18.408.192	17.976.870

(*) Due to the change of intention, the Bank has classified its Government Debt Securities with the notional amount EUR 96.359 thousand and USD 1.591.672 thousand from Available For Sale Financial Assets portfolio to Held to Maturity Securities portfolio in the prior year. As of classification date, the book value which reflects the fair value of the related securities are EUR 98.531 thousand and USD 1.650.112 thousand respectively and these amounts are accepted as the new costs of related securities. The Marketable Securities Valuation Differences of classified securities are amortized throughout the remaining term of held to maturity investments by using effective interest rate method.

g. Information on investments in associates (Net):

1. Non-consolidated associates:

1 (i). Reasons for being out of consolidation for non-consolidated associates: In accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks they have been left out of the scope of consolidation.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1 (ii). Information about non-consolidated associates:

Title	Address (City / Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
1 Bankalararası Kart Merkezi A.Ş.	İstanbul/Turkey	9,98	9,98
2 Kredi Kayıt Bürosu A.Ş.	İstanbul/Turkey	9,09	9,09

1 (iii). Main financial figures of non-consolidated associates, in the order of the above table:

The financial figures stated below have been obtained from the financial statements dated 31 December 2016.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	80.262	39.897	50.021	1.068	-	10.403	3.869	-
2	219.532	148.046	158.333	2.188	111	34.759	34.774	-

1 (iv). Movement schedule for non-consolidated subsidiaries:

	Current Period 31 March 2017	Prior Period 31 December 2016
Balance at the Beginning of the Period	3.923	3.923
Movements During the Period		
Additions	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Revaluation/Impairment	-	-
Balance at the End of the Period	3.923	3.923
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

2. Consolidated subsidiaries within the current period: None.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

h. Information on subsidiaries (Net):

1. Information related to shareholders' equity of major subsidiaries:

The amounts below are obtained from the 31 March 2017 financial data which were subject to the regulations of the related companies.

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG	Akbank (Dubai) Limited
Paid in Capital	235.007	46.802	4.079	740.648	2.243
Share Premium	-	-	-	-	-
Reserves	567.939	61.081	13.834	1.487.536	14.383
Gains recognized in equity as per TAS	-	(1.603)	17	-	-
Profit/Loss	29.347	82.309	7.364	50.850	13.619
-Net Current Period Profit	29.347	11.600	6.900	50.850	-
-Prior Year Profit/Loss	-	70.709	464	-	13.619
Development Cost of Operating Lease (-)	43	1.262	-	246	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.508	1.405	134	655	-
Total Common Equity	830.742	185.922	25.160	2.278.133	30.245
Total Additional Tier I Capital	-	-	-	-	-
Portion of Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities not deducted from the Common Equity as per the 1 st Clause of Provisional Article 2 of the "Regulation on the Equity of Banks" (-)	377	351	34	164	-
Total Tier I Capital	830.365	185.571	25.126	2.277.969	30.245
Tier II Capital	27.286	-	-	-	-
CAPITAL	857.651	185.571	25.126	2.277.969	30.245
Deductions from Capital	-	-	-	-	-
TOTAL CAPITAL	857.651	185.571	25.126	2.277.969	30.245

The Bank's subsidiaries, included in the consolidated calculation of capital requirement, do not have additional capital requirements.

2. Non-consolidated subsidiaries: None.

3. Consolidated subsidiaries:

3 (i). Information about consolidated subsidiaries:

Title	Address (City / Country)	The Parent Bank's Share Percentage-If Different Voting Percentage (%)	Risk Group of Bank's Percentage (%)
1 Ak Finansal Kiralama A.Ş.	İstanbul/Turkey	99,99	99,99
2 Ak Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100,00	100,00
3 Ak Portföy Yönetimi A.Ş.	İstanbul/Turkey	100,00	100,00
4 Akbank AG	Frankfurt/Germany	100,00	100,00
5 Akbank (Dubai) Limited[*]	Dubai/TheUnitedArab Emirates	100,00	100,00

As of 27 December 2016 The Board of Directors of the Bank decided to wind up Akbank (Dubai) Limited and open a representative office in same location. Operations related to processes are continuing to be carried out by the competent authorities.

Main financial figures of consolidated subsidiaries, in the order of the above table:

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

The financial figures have been obtained from the financial statements as at 31 March 2017 prepared in accordance with local regulations.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	5.942.744	832.686	31.008	98.248	-	29.347	29.031	-
2	1.226.366	188.589	6.061	29.937	6.251	11.600	8.491	-
3	30.969	25.294	967	1.340	-	6.900	4.294	-
4	19.036.027	2.279.034	1.609	174.406	17.868	50.850	40.299	-
5	31.809	30.245	7	-	-	-	160	-

Though not being the subsidiary of the Bank, A.R.T.S Ltd. which was established in November 1999 respectively in connection with rising long-term financing, is included in the full scope of consolidation as "Structured Entity" due to the 100% control of this entity by the Group.

3 (ii). Movement schedule for consolidated subsidiaries:

	Current Period 31 March 2017	Prior Period 31 December 2016
Balance at the Beginning of the Period	1.525.941	1.350.741
Movements During the Period		
Additions	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries (*)	50.144	175.200
Balance at the End of the Period	1.576.085	1.525.941
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) The amount represents the value changes within the scope of fair value hedge as described in unconsolidated financial statements of the Parent Bank.

3 (iii). Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

Subsidiaries	Current Period 31 March 2017	Prior Period 31 December 2016
Banks	1.226.526	1.176.382
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	281.065	281.065
Finance Companies	-	-
Other Financial Subsidiaries	68.494	68.494

3 (iv). Subsidiaries quoted on a stock exchange: None.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

i. Information on finance lease receivables (Net):

	Current Period 31 March 2017		Prior Period 31 December 2016	
	Gross	Net	Gross	Net
2017	1.672.118	1.474.700	1.902.135	1.640.186
2018	1.411.639	1.150.404	1.242.683	1.018.701
2019	1.081.407	903.536	932.451	780.873
2020 and following years	2.018.833	1.764.665	1.785.702	1.568.840
Total	6.183.997	5.293.305	5.862.971	5.008.600

j. Information on the hedging derivative financial assets:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Fair Value Hedge	818.614	28.187	682.966	30.570
Cash Flow Hedge	-	99.080	-	94.338
Net Investment Hedge in a foreign operation	-	-	-	-
Total	818.614	127.267	682.966	124.908

k. Information on the investment properties:

The Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" on 31 January 2017. The revaluation difference amounting to TL 2.301.948 arising from the valuations made by the appraisal firms authorized by CMB and BRSA is accounted in investment properties revaluation differences line under the shareholders' equity.

l. Information on deferred tax asset:

As of 31 March 2017, foreign currency deferred tax asset of the Group is TL 10.809 (31 December 2016: TL 23.773). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values, tax values and debts of fixed assets and financial assets, and provision for employee rights.

Deferred tax assets and liabilities, which are accounted for the temporary differences arising between applicable accounting policies and valuation principles and tax legislation in the Bank and in consolidated subsidiaries, are presented as net on an individual entity level. As noted in Note XVIII of Section Three, for the purposes of consolidated financial statements deferred taxes arising from different consolidated subsidiaries are presented separately in assets and liabilities. There are no carry forward tax losses that can be used as deductions for the tax calculation for the Group. An explanation on the net deferred tax liability is given in Note II-i-2 of Section Five.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

m. Information on property and equipment held for sale and related to discontinued operations:

	Current Period 31 March 2017	Prior Period 31 December 2016
Cost	73.322	74.980
Accumulated Depreciation (-)	716	792
Net Book Value	72.606	74.188

	Current Period 31 March 2017	Prior Period 31 December 2016
Opening Balance Net Book Value	74.188	179.866
Additions	6.163	70.537
Disposals (-), net	7.718	174.552
Impairment (-)	27	-
Depreciation (-)	-	1.663
Closing Net Book Value	72.606	74.188

n. Information on other assets:

Other assets amount to TL 3.496.374 (31 December 2016: TL 2.576.498) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a. Information on deposits:

1. Information on maturity structure of the deposits: There are no seven-day notification deposits.

1 (i). Current Period – 31 March 2017:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	7.449.381	14.594.113	26.237.239	503.180	457.813	649.444	47.130	49.938.300
Foreign Currency Deposits	13.042.628	19.515.081	29.846.867	7.603.642	7.654.391	9.971.009	2.605	87.636.223
Residents in Turkey	11.239.672	18.662.470	28.110.147	2.352.022	2.581.380	1.849.240	2.511	64.797.442
Residents Abroad	1.802.956	852.611	1.736.720	5.251.620	5.073.011	8.121.769	94	22.838.781
Public Sector Deposits	952.461	107.597	26.171	1.471	1.894	59	-	1.089.653
Commercial Deposits	7.879.553	7.208.397	8.968.604	797.978	718.113	473.438	-	26.046.083
Other Institutions Deposits	239.949	364.088	2.420.304	800.560	1.323.041	164.914	-	5.312.856
Gold Vault	1.108.422	-	-	-	105.578	744	-	1.214.744
Interbank Deposits	781.318	1.637.764	4.265.829	956.294	421.239	53.094	-	8.115.538
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	10.017	1.154.526	-	-	13.236	4.395	-	1.182.174
Foreign Banks	279.382	483.238	4.265.829	956.294	408.003	48.699	-	6.441.445
Participation Banks	491.919	-	-	-	-	-	-	491.919
Other	-	-	-	-	-	-	-	-
Total	31.453.712	43.427.040	71.765.014	10.663.125	10.682.069	11.312.702	49.735	179.353.397

1 (ii). Prior period - 31 December 2016:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	8.069.435	13.958.692	25.950.507	593.510	682.811	639.454	54.663	49.949.072
Foreign Currency Deposits	12.192.760	15.829.619	31.151.998	6.485.790	5.854.907	11.295.040	3.038	82.813.152
Residents in Turkey	10.007.922	15.346.925	28.828.328	2.452.915	1.227.788	3.700.666	2.950	61.567.494
Residents Abroad	2.184.838	482.694	2.323.670	4.032.875	4.627.119	7.594.374	88	21.245.658
Public Sector Deposits	293.278	17.272	46.506	20.012	2.006	51	-	379.125
Commercial Deposits	7.529.160	7.573.160	8.379.056	715.839	2.302.032	476.238	-	26.975.485
Other Institutions Deposits	273.469	382.938	2.498.253	1.081.325	1.017.328	229.385	-	5.482.698
Gold Vault	1.079.125	-	3.952	-	80.519	3.051	-	1.166.647
Interbank Deposits	972.501	391.288	4.969.500	452.015	365.039	51.282	-	7.201.625
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	14.504	213.948	361.173	-	30.070	4.288	-	623.983
Foreign Banks	262.326	177.340	4.608.327	452.015	334.969	46.994	-	5.881.971
Participation Banks	695.671	-	-	-	-	-	-	695.671
Other	-	-	-	-	-	-	-	-
Total	30.409.728	38.152.969	72.999.772	9.348.491	10.304.642	12.694.501	57.701	173.967.804

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. Information on saving deposits insurance:

Information on saving deposits under the guarantee of the saving deposits insurance fund and amounts exceeding the limit of the deposit insurance fund: The deposit amounts of the consolidated subsidiaries located abroad are subject to local insurance regulations and are not included in the table below.

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period 31 March 2017	Prior Period 31 December 2016	Current Period 31 March 2017	Prior Period 31 December 2016
Saving Deposits	23.016.366	22.883.007	26.921.188	27.066.065
Foreign Currency Saving Deposits	8.464.169	7.498.797	35.260.422	32.274.350
Other Deposits in the Form of Saving Deposits	-	-	-	-
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	Current Period 31 March 2017	Prior Period 31 December 2016
Foreign Branches' Deposits and other accounts	-	-
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	874.994	858.961
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-	-

b. Information on trading derivative financial liabilities:

Table of negative differences for trading derivative financial liabilities:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Forward Transactions	348.025	-	409.197	-
Swap Transactions	3.716.952	608.369	3.227.474	673.404
Futures Transactions	-	-	-	-
Options	2.852	250.531	12.254	277.518
Other	-	-	-	-
Total	4.067.829	858.900	3.648.925	950.922

c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Borrowings from the CBRT	-	76.928	-	-
From Domestic Banks and Institutions	272.403	572.420	294.726	472.133
From Foreign Banks, Institutions and Funds	120.419	32.447.670	127.011	31.410.416
Total	392.822	33.097.018	421.737	31.882.549

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. Information on maturity structure of borrowings:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Short-term	187.611	2.079.589	175.931	1.800.256
Medium and Long-term	205.211	31.017.429	245.806	30.082.293
Total	392.822	33.097.018	421.737	31.882.549

3. The liabilities providing the funding sources of the Group are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Group and the diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and securitized borrowings and post-financing obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Group.

d. Information on securities issued (Net):

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Bank bills	1.133.814	19.617	776.911	-
Bonds	1.658.325	10.228.613	1.779.356	9.977.034
Total	2.792.139	10.248.230	2.556.267	9.977.034

e. Information on other foreign liabilities:

Other foreign liabilities amount to TL 1.959.811 (31 December 2016: TL 1.436.897) and do not exceed 10% of the total balance sheet.

f. Information on financial leasing agreements: None.

g. Information on the hedging derivative financial liabilities:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Fair Value Hedge	-	98.064	-	98.645
Cash Flow Hedge	-	-	-	346
Net Investment Hedge in a foreign operation	-	-	-	-
Total	-	98.064	-	98.991

h. Information on provisions:

1. Information on general provisions:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
General Provisions	2.965.932		2.927.745	
Provisions for Group I. Loans and Receivables	2.362.483		2.313.404	
Provisions for Group II. Loans and Receivables	290.488		317.165	
Provisions for Non-cash Loans	133.602		132.523	
Other	179.359		164.653	

As of 31 March 2017 the Bank has booked general provision by considering minimum provision rates in accordance with "Amendment of Regulation on Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" published in the Official Gazette dated 14 December 2016, no: 29918. The Bank's provision ratios are over these minimum ratios. If the minimum provision ratios stated in the Regulation had been applied, the general provision amount in the financial statements would be lower by TL 1,8 billion (in full TL amount).

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. Employment termination benefits and unused vacation rights:

Under the Turkish Labor Law, the Bank and its subsidiaries operated in Turkey are required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires.

The amount payable consists of one month's salary limited to a maximum of TL 4.426,16 (in full TL amount) (31 December 2016: TL 4.297,21 (in full TL amount)) for each year of service. This liability is legally not funded and there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	Current Period	Prior Period
	31 March 2017	31 December 2016
Discount Rate (%)	3,64	3,64
Rate for the Probability of Retirement (%)	94,07	94,07

The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. The amount of TL 4.426,16 (1 January 2016: TL 4.426,16) effective from 1 January 2017 has been taken into consideration in calculating the reserve for employee termination benefits.

Movements in the reserve for employment termination benefits during the period are as follows:

	Current Period	Prior Period
	31 March 2017	31 December 2016
Prior Period Closing Balance	146.104	124.027
Recognized as an Expense During the Period	6.769	49.704
Actuarial Loss/(Gain)	19	20.240
Paid During the Period	(6.271)	(47.867)
Balance at the End of the Period.	146.621	146.104

As of 31 March 2017, the Group has allocated vacation liability amounting to TL 84.627 (31 December 2016: TL 81.978).

3. Information on provisions related with foreign currency difference of foreign indexed loans:

As of 31 March 2017, the provision related to foreign currency differences of foreign indexed loans amounts to TL 23.058 (31 December 2016: TL 1.741), which is offset with the balance of foreign currency indexed loans in these financial statements.

4. Information on specific provisions for non-cash loans that are non-funded and non-transformed into cash:

Provision for non-cash loans that are non-funded and non-transformed into cash as of 31 March 2017 is amounting to TL 67.332 (31 December 2016: 73.086).

5. Information on other provisions:

5 (i). Information on free provision for possible risks: TL 200.000 (31 December 2016: TL 200.000).

The Bank recognized free provision amounting to TL 200.000 in line with the conservatism principle considering the circumstances that may arise from possible changes in the economy and financial markets.

5 (ii). Information on provisions for banking services promotion:

The Group has provisions for credit cards and banking services promotion activities amounting to TL 74.980 (31 December 2016: TL 89.968).

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

i. Explanations on tax liability:

1. Explanations on tax liability:

Tax calculations of the Group are explained in Note XVIII of Section Three. As of 31 March 2017, the corporate tax liability after the deduction of temporary taxes paid is TL 561.399 (31 December 2016: TL 288.226).

1 (i). Information on taxes payable:

	Current Period 31 March 2017	Prior Period 31 December 2016
Corporate Taxes Payable	561.399	288.226
Taxation on Marketable Securities	129.784	112.225
Property Tax	2.090	1.798
Banking Insurance Transaction Tax (BITT)	101.344	105.455
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	1.783	7.236
Other	60.664	59.822
Total	857.064	574.762

1 (ii). Information on premium payables:

	Current Period 31 March 2017	Prior Period 31 December 2016
Social Security Premiums – Employee	988	1.376
Social Security Premiums – Employer	260	325
Bank Social Aid Pension Fund Premium- Employee	3	97
Bank Social Aid Pension Fund Premium – Employer	3	134
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	1.163	1.939
Unemployment Insurance – Employer	2.171	3.656
Other	28	8
Total	4.616	7.535

2. Information on deferred tax liability:

As of 31 March 2017, Turkish Lira deferred tax liability of the Group amounts to TL 395.937. (31 December 2016: TL 227.719). An explanation about the net deferred tax asset is given in Note I-l of Section Five.

j. Information on subordinated loan:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Domestic Institutions	-	-	-	-
From Foreign Banks	-	1.796.095	-	-
From Foreign Institutions	-	-	-	-
Total	-	1.796.095	-	-

Explanation about the subordinated loans is given in Note I-b of Section Four.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current Period 31 March 2017	Prior Period 31 December 2016
Common Stock	4.000.000	4.000.000
Preferred Stock	-	-

2. Amount of paid-in-capital, explanations as to whether the registered share capital system is applied, if so the amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Share Capital	4.000.000	10.000.000

In the Ordinary General Assembly Meeting of the Bank, which was held on 28 March 2017, amendment to the articles of association regarding the increase of the upper limit of registered capital from TL 8.000.000 to TL 10.000.000 is accepted and the registration process has been completed as of 29 March 2017.

3. Information on the share capital increases during the period and their sources: None.
- s4. Information on share capital increases from capital reserves during the current period: None.
5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period: None.
6. The effects of anticipations based on the financial figures for prior periods regarding the Group's income, profitability and liquidity, and possible effects of these future assumptions on the Group's equity due to uncertainties at these indicators;

The Group has been continuing its operations with high profitability and has been retaining most of its net profit in the equity, either by increasing its capital or transferring it into reserves. On the other hand, only a small part of the equity is allocated to investment such as associates and fixed assets, thus giving a chance for considerably high free capital which provides funds for liquid and interest bearing assets. Considering all these factors, the Group continues to its operations with strong shareholders' equity.

7. Information on privileges given to shares representing the capital: None.

8. Information on marketable securities value increase fund:

	Current Period 31 March 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(253.445)	(337.371)	(587.935)	(573.267)
Foreign Currency Differences	-	-	-	-
Total	(253.445)	(337.371)	(587.935)	(573.267)

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans (*):

	Current Period 31 March 2017		Prior Period 31 March 2016	
	TL	FC	TL	FC
Short-term Loans	1.364.172	36.227	1.084.183	25.894
Medium and Long-term Loans	2.130.839	777.815	1.745.563	625.385
Interest on Loans Under Follow-Up	9.798	-	6.231	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	3.504.809	814.042	2.835.977	651.279

(*) Fee and commission income from cash loans are included.

2. Information on interest income on banks:

	Current Period 31 March 2017		Prior Period 31 March 2016	
	TL	FC	TL	FC
From the CBRT	-	1.458	204	1.139
From Domestic Banks	21.625	2.707	13.793	1.986
From Foreign Banks	9	13.095	-	5.745
From Headquarters and Branches Abroad	-	-	-	-
Total	21.634	17.260	13.997	8.870

3. Information on interest income on marketable securities:

	Current Period 31 March 2017		Prior Period 31 March 2016	
	TL	FC	TL	FC
From Trading Financial Assets	2.435	-	3.014	1
From Financial Assets at Fair Value through Profit or Loss	-	-	-	166
From Available-for-sale Financial Assets	462.903	163.784	470.701	246.429
From Held-to-Maturity Investments	119.146	112.508	112.249	44.085
Total	584.484	276.292	585.964	290.681

As stated in Section Three disclosure VII, the Bank has inflation indexed (CPI) government bonds in its available-for sale and held-to-maturity portfolios with three-month fixed real coupon rates and a maturity of 5 to 10 years. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two months before. The Bank determines the estimated inflation rates in line with this information. The estimated inflation rate used is updated during the year when necessary. In this context, as of 31 March 2017, valuation of such assets is made according to estimated annual inflation rate of 8%. If valuation of these securities indexed to the CPI had been done by the reference index valid through 31 March 2017, the Bank's Marketable securities valuation differences would be decreased by TL 204 million (in full TL amount) and net profit would be increased by TL 289 million (in full TL amount) to TL 1.741 million (in full TL amount).

4. Information on interest income received from associates and subsidiaries: None.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

b. Information on interest expense:

1.Information of interest expense on borrowings (*):

	Current Period 31 March 2017		Prior Period 31 March 2016	
	TL	FC	TL	FC
Banks	9.324	175.967	8.605	116.079
The CBRT	-	-	-	-
Domestic Banks	5.602	2.384	8.514	2.270
Foreign Banks	3.722	173.583	91	113.809
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	16.957	-	3.075
Total	9.324	192.924	8.605	119.154

(*) Fee and commission expense from cash loans are included.

2.Information on interest expense given to associates and subsidiaries: None.

3.Information on interest expense given to securities issued:

	Current Period 31 March 2017		Prior Period 31 March 2016	
	TL	FC	TL	FC
Interest expense on securities issued	73.337	128.298	96.645	101.910

4. Maturity structure of the interest expense on deposits :

There are no seven-day notification deposits.

Current Period-31.03.2017	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	165	21.020	23.098	446	236	76	45.041
Saving Deposits	-	362.048	670.873	13.968	15.180	16.797	1.078.866
Public Sector Deposits	-	2.281	920	273	45	1	3.520
Commercial Deposits	-	188.713	242.667	39.194	36.948	12.949	520.471
Other Deposits	1	15.141	50.525	30.820	29.577	6.317	132.381
Total	166	589.203	988.083	84.701	81.986	36.140	1.780.279
FC							
Foreign Currency Deposits	1.224	113.696	180.262	37.753	27.536	35.182	395.653
Bank Deposits	-	1.611	13.180	3.168	1.658	198	19.815
Precious Metals Deposits	-	-	1	-	225	61	287
Total	1.224	115.307	193.443	40.921	29.419	35.441	415.755
Grand Total	1.390	704.510	1.181.526	125.622	111.405	71.581	2.196.034

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Prior Period – 31.03.2016	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	20	19.762	15.582	457	239	-	36.060
Saving Deposits	-	306.124	661.908	11.875	10.713	15.348	1.005.968
Public Sector Deposits	-	1.209	756	182	34	39	2.220
Commercial Deposits	2	18.800	56.359	7.611	7.665	4.465	94.902
Other Deposits	-	159.650	204.344	30.524	25.559	9.274	429.351
Total	22	505.545	938.949	50.649	44.210	29.126	1.568.501
FC							
Foreign Currency Deposits	1.107	88.731	154.776	10.053	12.974	44.412	312.053
Bank Deposits	-	2.835	11.069	14.688	2.954	203	31.749
Precious Metals Deposits	-	-	1	-	119	44	164
Total	1.107	91.566	165.846	24.741	16.047	44.659	343.966
Grand Total	1.129	597.111	1.104.795	75.390	60.257	73.785	1.912.467

c. Information on trading profit/loss(Net):

	Current Period 31 March 2017	Prior Period 31 March 2016
Profit	207.643.645	1.664.231.794
Income From Capital Market Transactions	95.001	154.153
Income From Derivative Financial Transactions (*)	5.710.777	4.081.362
Foreign Exchange Gains	201.837.867	1.659.996.279
Loss (-)	207.659.428	1.664.192.370
Loss from Capital Market Transactions	58.400	123.019
Loss from Derivative Financial Transactions (*)	6.086.626	4.193.318
Foreign Exchange Loss	201.514.402	1.659.876.033
Total (Net)	(15.783)	39.424

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL (280.757) (31 March 2016: (-) TL 66.895)

d. Explanations on other operating income:

"Other Operating Income" in the Income Statement mainly includes collections from receivables for which provision has been allocated in prior periods and the sale from non-performing loans portfolio.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

e. Provision expenses related to loans and other receivables of the Group:

	Current Period 31 March 2017	Prior Period 31 March 2016
Specific Provisions for Loans and Other Receivables	414.505	461.946
III. Group Loans and Receivables	394.319	426.265
IV. Group Loans and Receivables	16.087	31.180
V. Group Loans and Receivables	4.099	4.501
General Provision Expenses	38.187	51.870
Free Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-maturity	-	-
Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	20.249	26.440
Total	472.941	540.256

f. Information related to other operating expenses:

	Current Period 31 March 2017	Prior Period 31 March 2016
Personnel Expenses	467.156	437.700
Reserve for Employee Termination Benefits	651	103
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	1.473	-
Depreciation Expenses of Fixed Assets	38.321	32.874
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	28.965	19.796
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	27	-
Depreciation Expenses of Assets Held for Resale	-	1.076
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	452.384	368.300
Operational Leasing Expenses	48.207	44.044
Maintenance Expenses	7.201	4.723
Advertisement Expenses	28.209	19.332
Other Expenses	368.767	300.201
Loss on Sales of Assets	-	23
Other(*)	157.710	195.890
Total	1.146.687	1.055.762

(*) The balance shown in the "other" line includes fees and commissions reimbursements as per the decision of Consumer Arbitration Board, Courts and Offices of Enforcement amounting to TL 9.842 (31 March 2016: TL 36.820).

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

g. Information on income/loss from minority interest:

	Current Period	Prior Period
	31 March 2017	31 March 2016
Income/(loss) from minority interest	3	3

h. Information on tax provision of continued and discontinued operations:

As of 31 March 2017, the Group has a current tax expense of TL 444.053 and deferred tax income of TL 56.909. The amount of deferred tax income that occurred due to the temporary differences is TL 70.852 and deferred tax expense is TL 76.584 the amounts of deferred tax income occurred due to the closing of temporary differences is TL 77.380 and deferred tax expense is TL 14.739 respectively.

The Group has no discontinued operations.

i. Explanation on current period net profit and loss:

1. Explanation on the quality, amount and frequency of the figures of the income and expense stemming from ordinary banking operations, if necessary to understand the performance of the Group for the current period: None.
2. Explanation on the changes in the estimations regarding the figures on the financial statements, if there exists a possibility that the profit and loss for the current or the following periods will be impacted: None

j. Other figures on profit and loss statement:

"Other Fee and Commission Income" in the Income Statement mainly consists of commissions received from credit card, money transfer and insurance transactions.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS

Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments: TL 13.415.915 asset purchase commitments (31 December 2016: TL 16.705.913), TL 13.415.915 commitments for credit card limits (31 December 2016: TL 17.397.602) and TL 6.609.408 commitments for cheque books (31 December 2016: TL 6.200.426).

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

The Group has no probable losses arising from off-balance sheet items. Obligations arising from the off-balance sheet are disclosed in "Off-balance sheet commitments".

2 (i). Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

	Current Period 31 March 2017	Prior Period 31 December 2016
Bank Acceptance Loans	3.964.299	3.583.229
Letters of Credit	6.356.015	5.232.776
Other Guarantees and Warranties	4.091.598	4.379.339
Total	14.411.912	13.195.344

2 (ii). Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period 31 March 2017	Prior Period 31 December 2016
Revocable Letters of Guarantee	1.141.785	984.154
Irrevocable Letters of Guarantee	14.447.366	13.700.319
Letters of Guarantee Given in Advance	3.383.666	3.179.535
Guarantees Given to Customs	2.544.702	2.642.796
Other Letters of Guarantee	7.734.543	6.644.988
Total	29.252.062	27.151.792

3. Information on non-cash loans:

3 (i). Total amount of non-cash loans:

	Current Period 31 March 2017	Prior Period 31 December 2016
Non-cash Loans Given against Cash Loans	3.233.454	5.574.735
With Original Maturity of 1 Year or Less Than 1 Year	1.155.978	2.778.785
With Original Maturity of More Than 1 Year	2.077.476	2.795.950
Other Non-cash Loans	40.430.520	34.772.401
Total	43.663.974	40.347.136

4. Mutual Funds :

As of 31 March 2017, the Group is the founder of 45 mutual funds (31 December 2016: 44 mutual funds) with an unaudited total fund value of TL 4.403.514 (31 December 2016: TL 3.916.212). The shares of the mutual funds established in accordance with the Capital Markets Board legislation are kept dematerialized by Istanbul Settlement and Custody Bank, Inc.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED STATEMENT OF CASH FLOWS

Information on cash and cash equivalents:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency, money in transit, bought bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; Interbank money market and time deposits in banks with original maturities less than three months and investment in marketable securities excluding equity securities are defined as "Cash equivalents".

1. Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
	31 March 2017	31 March 2016
Cash	3.750.722	3.049.765
Cash, Foreign Currency and Other	1.835.555	1.409.698
Demand Deposits in Banks (*)	1.915.167	1.640.067
Cash Equivalents	9.076.729	4.059.676
Interbank Money Market Placements	37	98
Time Deposits in Banks	9.029.952	4.031.890
Marketable Securities	46.740	27.688
Total Cash and Cash Equivalents	12.827.451	7.109.441

(*) The restricted demand accounts are not included.

2. Cash and cash equivalents at the end of period:

	Current Period	Prior Period
	31 March 2017	31 March 2016
Cash	3.327.914	2.121.913
Cash, Foreign Currency and Other	1.714.135	1.321.167
Demand Deposits in Banks (*)	1.613.779	800.746
Cash Equivalents	4.073.823	2.709.666
Interbank Money Market Placements	30.354	104
Time Deposits in Banks	4.042.210	2.549.274
Marketable Securities	1.259	160.288
Total Cash and Cash Equivalents	7.401.737	4.831.579

(*) The restricted demand accounts are not included.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VI. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP

Information on the volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Current Period – 31 March 2017:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans and Other Receivables					
Balance at the Beginning of the Period	-	-	4.591.797	900.600	-	-
Balance at the End of the Period	-	-	5.027.169	803.983	-	-
Interest and Commission Income Received	-	-	117.799	759	-	-

2. Prior Period -31 December 2016:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans and Other Receivables					
Balance at the Beginning of the Period	-	-	3.421.775	1.447.302	-	-
Balance at the End of the Period	-	-	4.591.797	900.600	-	-
Interest and Commission Income Received (*)	-	-	75.289	1.089	-	-

(*) 31 March 2016 amounts are used for income statement accounts.

3. Information on deposits of the Group's risk group:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	31.03.2017	31.12.2016	31.03.2017	31.12.2016	31.03.2017	31.12.2016
Deposit						
Balance at the Beginning of the Period	-	-	2.172.789	2.102.633	2.315.646	2.181.203
Balance at the End of the Period	-	-	3.399.315	2.172.789	2.201.977	2.315.646
Interest on Expense Deposits (*)	-	-	49.177	57.360	41.166	38.735

(*) 31 March 2016 amounts are used for income statement accounts.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

4. Information on forward and option agreements and other similar agreements made with the Group's risk group:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	31.03.2017	31.12.2016	31.03.2017	31.12.2016	31.03.2017	31.12.2016
Transactions at Fair Value Through Profit or Loss						
Beginning of the Period	-	-	10.110.973	3.501.482	-	-
Balance at the End of the Period	-	-	11.141.336	10.110.973	-	-
Total Income/Loss (*)	-	-	(11.859)	(710)	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss (*)	-	-	-	-	-	-

(*) 31 March 2016 amounts are used for income statement accounts.

Figures presented in the table above show the total of "sale" and "purchase" amounts of the related transactions. Accordingly, as a result of the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Group. As of 31 March 2017, the net exposure for direct and indirect shareholders of the Group is TL (10.881) (31 December 2016: TL 34.978).

5. Information regarding benefits provided to the Group's key management:

As of 31 March 2017 benefits provided to the Group's key management amount to TL 20.854 (31 March 2016: TL 15.969).

VII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**SECTION SIX
EXPLANATIONS ON AUDITOR'S REVIEW REPORT**

I. EXPLANATIONS ON INTERIM REVIEW REPORT

The unconsolidated financial statements for the period ended 31 March 2017 have been reviewed by PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 25 April 2017 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**SECTION SEVEN (*)
INFORMATION ON INTERIM ACTIVITY REPORT**

MESSAGE FROM THE CHAIRMAN

In the first quarter of 2017; upcoming elections in major EU states, Fed's ongoing interest rate normalization, delays of anticipated economic policy implementations in the US, Britain's trigger of exit process from the European Union have been monitored very closely in the global markets. Domestically; continuing recovery in economic activity, inflation developments, their implications on monetary policy and expectations about constitutional referendum have been the major factors influencing financial market equilibrium. Additionally, policies pursued by other major developed countries' central banks have also been closely followed.

Fed; the central bank of the US, hiked the policy rate in March and intends to make another 2 measured rate hikes in 2018 and 3 in 2019. In the decision text, the continuation of the moderate growth tendency in the US economy is underlined. In addition, Fed re-emphasized the continued strengthening in labor market and the convergence of inflation towards the policy goal of 2%. As a matter of fact, economic realizations in the first quarter indicate robust economic activity in the US. In the mean time, Fed also started to communicate that it may be appropriate to gradually scale down its securities portfolio which has been piled up dramatically in the post-crisis period.

European Central Bank also stated that the economy of the region is continuing to recover along with the monetary stimulus and revised its projections up. However, ongoing policy stimulus would be maintained until a permanent and convincing rise in medium-term inflation dynamics is achieved. In this respect, the institution is ready to further extend the scale and scope of asset purchase program if such a need arises.

Postponements in the implementation of the policy shifts that were being mentioned in the elections period in the US have also been weighing on markets. Although the performance of the major EU-sceptic party in February general elections held in Netherlands was relatively weak, presidential elections in France leads to political uncertainty and continues to put pressure on market valuations. Additionally, rising political uncertainties and geopolitical tension around the globe push up the demand for safe haven assets in financial markets. Consequently, the yields of US Treasury bonds decreased and Japanese yen and gold gained ground.

Domestically, GDP figures for the full year of 2016 was announced. Turkish economy grew by 3,5% in the last quarter of 2016, and by 2,9% in 2016 full year. Private consumption has become the component that contributed the most to the 4th quarter growth, while exports growth turned into positive. This positive development in exports is continuing into the first quarter of 2017 along with strengthening global economic recovery and more stable fx rates. Exports to European Union and Middle East are growing. Parallel to the higher levels of oil prices vis-à-vis the previous year, imports are also trending higher. Weak trend in tourism revenues has limited the improvement of current account deficit. Measures and incentives targeted towards specific sectors, and primarily the increased effectiveness of Credit Guarantee Fund, continue to support the domestic economy.

Increasing trend in inflation has continued; inflation is currently at double digit levels. Core inflation reached its highest level within one year due to the lagged effects of local currency depreciation. We expect relatively high trend in inflation to continue this year which would also imply the continuation of tight monetary policy stance of our central bank.

Looking forward, government incentives will continue to support the economy. Additionally, ongoing moderate growth outlook of global economy would also underpin the Turkish economy. Uncertainties in global economic policies and geopolitical developments could be stated as the risk factors on both the economy and markets.

(*)Amounts in section seven expressed in full Turkish Lira ("TL") amount unless otherwise stated

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

MESSAGE FROM THE CEO

Despite the challenging global market conditions, we performed strongly in the first three months of the year. In this period, we increased our assets by 4,4 percent to TL 283 billion. Our strong balance-sheet, well-managed deposit/credit ratio, as well as robust capital and liquidity have been the factors that distinguished Akbank in this period. Our strong credit growth has contributed considerably to this performance.

Akbank reported a gross profit of TL 1 billion 742 million in the first quarter of 2017. Our bank reported a net unconsolidated profit of TL 1 billion 405 million after TL 337 million tax provisions. In this period, the return on equity has been an impressive 17.4 percent. The support we provided to the economy via our loans increased by 6.3 percent to a total of 215 billion TL, with TL 171 billion in cash loans. In this period, our total deposits reached the level of TL 166 billion. We were also able to manage our asset quality well. Our NPL ratio of 2,6 percent is one of the lowest in the sector. Akbank has set aside 162 percent provisioning for its non-performing loans taking into account the general loan provisions.

Akbank continues to offer various products and services to SMEs for growth and competitiveness. In this context, we also act as an intermediary for KOSGEB's credit programs. Akbank's support to 30 thousand tradesmen through the "Zero-Interest Enterprise Loan Interest Support" program in Turkey has been one of the highest among Turkish banks. As a result of the protocol we signed with the Loan Guarantee Fund (KGF) in January, we began to offer "Portfolio Guarantee System" loans extensively to SMEs.

Despite the volatility in international markets, we were able to finalize our March 2017 syndication with success. We renewed our syndication loan of 1,2 billion USD with a demand of over 100 percent. We also completed the first Basel 3 compliant capital equivalent bond issue transaction this year. The total demand has exceeded TL 2 billion, to over four times the 500 million USD total issuance amount. Our strong performance in these two successful transactions indicate the interest and belief of investors in Turkey its robust economic foundations. We will continue to support the economic growth of our country with the best conditions possible.

Akbank became the Most Valuable Banking Brand in Turkey for the 6th consecutive time in January, according to Brand Finance's research. We are happy to see that these kinds of studies are in line with the trust our customers and stakeholders place in us. We will continue to make a difference in the banking sector with the most talented and well-educated workforce in Turkey. Akbank will continue its investment in technology, innovation and human resources in the period ahead. I would like to thank all our stakeholders, mainly our customers, shareholders and employees for the strong performance in the first quarter of the year.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

1. Changes in the Articles of Association during the period:

There are changes in the Articles of Association during the period.

OLD VERSION	NEW VERSION
<p>Capital and Mode and Terms of Payment of Capital Article: 9</p> <p>A. The Bank adopted the authorized capital system in accordance with the provisions of Law No. 2499 and implemented the authorized capital system pursuant to the Capital Markets Board's permission No. 116/1376 dated December 2, 1999. The authorized capital of the Bank is TL 8.000.000.000 (eight billion) divided into 800.000.000.000 (Eight hundred billion) registered shares each with a nominal value of 1 Kuruş.</p> <p>Capital Markets Board's approval of the authorized capital is valid between 2012 and 2016 (5 years). Even if the authorized capital has not been reached at the end of 2016, in order for the Board of Directors to take a decision to raise the Bank's capital after 2016, the Board is required obtain get the authorization of the General Assembly for a new time period after obtaining the permission of the Capital Markets Board for the previously approved authorized capital or a new authorized capital level. In case the aforementioned authorization is not obtained, the Bank is considered to have abandoned the authorized capital system. The Board of Directors is authorized to issue new shares and raise the issued capital up to the authorized capital in accordance with the provisions of the Capital Markets Law.</p> <p>B. The issued capital of the Bank is TL 4.000.000.000 (four billion) divided into 400.000.000.000 (four hundred billion) registered shares each with a nominal value of 1 Kurus.</p> <p>C. The issued capital of TL 4.000.000.000 (four billion) is paid fully and in cash, free from collusion.</p> <p>The shares which represent the capital are registered in accordance with the principles of dematerialization.</p> <p>When necessary, the Bank's capital can be raised or lowered within the framework of the provisions of the Turkish Commercial Code and the Capital Markets Law.</p> <p>D. Unless resolved otherwise by the General Assembly, the existing shareholders of the Bank are entitled to acquire, in proportion to their current shareholding, new shares to be issued against new cash capital injection. The unused preemptive rights of the shareholders entitled to these shares - in accordance with the related communiqués of the Capital Markets Board and the applicable provisions of the Turkish Commercial Code, by addressing the Bank in the time period to be determined by the Board of Directors which is not to be shorter than 15 or longer than 60 days commencing from the event depicted by the aforementioned legislation - shall be void. The shares released due to unused preemptive rights shall be subject to the applicable legislation.</p> <p>E. All shares must be registered and listed on the Stock</p>	<p>Capital and Mode and Terms of Payment of Capital Article: 9</p> <p>A. The Bank adopted the authorized capital system in accordance with the provisions of Capital Market Law and implemented the authorized capital system pursuant to the Capital Markets Board's permission No. 116/1376 dated December 2, 1999. The authorized capital of the Bank is TL 10.000.000.000 (ten billion) divided into 1.000.000.000.000 (one trillion) registered shares each with a nominal value of 1 Kuruş.</p> <p>Capital Markets Board's approval of the authorized capital is valid between 2017 and 2021 (5 years). Even if the authorized capital has not been reached at the end of 2021, in order for the Board of Directors to take a decision to raise the Bank's capital after 2021, the Board is required obtain get the authorization of the General Assembly not longer than 5 years for a new time period after obtaining the permission of the Capital Markets Board for the previously approved authorized capital or a new authorized capital level. In case the aforementioned authorization is not obtained, the Bank shall not increase its capital with a Board of Directors' resolution. The Board of Directors is authorized to issue new shares and raise the issued capital up to the authorized capital in accordance with the provisions of the Capital Markets Law.</p> <p>B. The issued capital of the Bank is TL 4.000.000.000 (four billion) divided into 400.000.000.000 (four hundred billion) registered shares each with a nominal value of 1 Kurus.</p> <p>C. The issued capital of TL 4.000.000.000 (four billion) is paid fully and in cash, free from collusion.</p> <p>The shares which represent the capital are registered in accordance with the principles of dematerialization.</p> <p>When necessary, the Bank's capital can be raised or lowered within the framework of the provisions of the Turkish Commercial Code and the Capital Markets Law.</p> <p>D. Unless resolved otherwise by the General Assembly, the existing shareholders of the Bank are entitled to acquire, in proportion to their current shareholding, new shares to be issued against new cash capital injection. The unused preemptive rights of the shareholders entitled to these shares - in accordance with the related communiqués of the Capital Markets Board and the applicable provisions of the Turkish Commercial Code, by addressing the Bank in the time period to be determined by the Board of Directors which is not to be shorter than 15 or longer than 60 days commencing from the event depicted by the aforementioned legislation - shall be void. The shares released due to unused preemptive rights shall be subject to the applicable legislation.</p> <p>E. All shares must be registered and listed on the Stock</p>

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

Exchange.	Exchange.
General Management Article: 48	General Management Article: 48
<p>The Board of Directors may appoint a General Manager to run the management and transactions of the Bank in accordance with the Turkish Commercial Code, provisions of the Banking Code and other relevant legislation, provisions of this Articles of Association and within powers to be granted to such person and where necessary, with a term of office which exceeds that of the Board of Directors. The Board of Directors may remove the General Manager if deemed necessary. The appointment and removal shall be registered and announced.</p> <p>The General Manager:</p> <p>a) is the highest officer of management and execution after the Board of Directors and represents the Bank within the framework of the powers conferred upon it by such Board.</p> <p>b) determines, amends, reinforces and if necessary submits to approval of the Board of Directors, regulations and principles concerning the Bank's activities and transactions and distribution of work.</p> <p>c) may give mandate for certain transactions in accordance with article 345 of the Turkish Commercial Code but may not transfer the duty of management.</p> <p>d) is liable, under the provisions concerning the liability of the members of the Board of Directors, to the Bank, shareholders and creditors of the Bank for non or insufficient fulfillment of the obligations imposed or conferred on him. The fact that the General Manager is under the orders and supervision of the Board of Directors does not eliminate this liability.</p> <p>e) the General Manager and his Assistants make an oath according to the Banking Code.</p>	<p>The Board of Directors may appoint a General Manager to run the management and transactions of the Bank in accordance with the Turkish Commercial Code, provisions of the Banking Code and other relevant legislation, provisions of this Articles of Association and within powers to be granted to such person and where necessary, with a term of office which exceeds that of the Board of Directors. The Board of Directors may remove the General Manager if deemed necessary. The appointment and removal shall be registered and announced.</p> <p>The General Manager:</p> <p>a) is the highest officer of management and execution after the Board of Directors and represents the Bank within the framework of the powers conferred upon it by such Board.</p> <p>b) determines, amends, reinforces and if necessary submits to approval of the Board of Directors, regulations and principles concerning the Bank's activities and transactions and distribution of work.</p> <p>c) may give mandate for certain transactions but may not transfer the duty of management.</p> <p>d) is liable, under the provisions concerning the liability of the members of the Board of Directors, to the Bank, shareholders and creditors of the Bank for non or insufficient fulfillment of the obligations imposed or conferred on him. The fact that the General Manager is under the orders and supervision of the Board of Directors does not eliminate this liability.</p> <p>e) the General Manager and other officials accepted by the law make an oath according to the Banking Code.</p>

2. Important Issues and Transactions during the period:

At our Annual General Meeting which was held on 28 March 2017, amendment of our Bank's articles of association about increase the registered capital ceiling from TL 8.000.000.000 to TL 10.000.000.000 has been approved and registration process has been completed on 29 March 2017. The date of capital ceiling registration has been extended as of end of 2021.

As of 1 February 2017, İlker Altıntaş has been assigned as Executive Vice President responsible of Technology and Operation Unit instead of Turgut Güney who has resigned from his position on 31 January 2017.

International rating agency Fitch downgraded Akbank's long-term foreign and local currency deposit and unsecured debt ratings from BBB- to BB+ on February 2, 2017. Also short-term foreign and local currency deposit and senior unsecured ratings were downgraded to B from F3 and viability rating "VR" was downgraded to bb+ from bbb-. National Long-Term Rating affirmed at AA+.

Bank has issued the bill with a nominal value of TL 103 million and term of 107 days to qualified investors on 27 February 2017.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Bank has issued the subordinated notes with a nominal value of USD 500 million on 15 March 2017. The notes' due date is 16 March 2027 with a call option on 16 March 2022 and their coupon rate has been set at 7.20% (coupon interest payable semi-annually)

Akbank has signed a dual currency, multi-tranche syndicated loan facility of which USD 219,5 million and EUR 738,3 million for 1 year tenor, and USD 185 million for 2 years with an equivalent of USD 1,2 billion on March 22nd, 2017. All-in cost for the 1 year tranche is Libor+1,45% and Euribor+1,35%; and 2 year facility with an all-in cost of Libor+2,20%

Moody's has affirmed Akbank's rating on March 20rd, 2017. The outlook of long term foreign and local currency debt ratings and of long term foreign and local currency deposit ratings have been changed to negative from stable.

3. BANKING SECTOR 1Q17 OVERVIEW

In the first quarter of 2017, loan growth in the sector was 5.5% and deposit growth in the sector was 4,6%.

As of March 31, 2017, NPL ratio of the sector was at 3,2%.

B. CONSOLIDATED FINANCIAL RESULTS

1. Main Balance Sheet Items (TL Million) :

	31.03.2017	31.12.2016
	Consolidated	Consolidated
	Financial Results	Financial Results
Total Assets	305,910	294,501
Loans	186,550	178,893
Deposits	179,353	173,968
Equity	35,981	32,492
Net Income (31.03.2016)	1,452	1,071

2. Main Financial Ratios (%) :

	31.03.2017	31.12.2016
	Consolidated	Consolidated
	Financial Results	Financial Results
Loans / Total Assets:	61.0	60.7
Deposits / Total Assets:	58.6	59.1
ROE:	17.0	16.0
ROA:	1.9	1.8
NPL Ratio:	2.4	2.3
CAR:	%15.21	%14.16
EPS (31.03.2016) (TL):	0.00363	0.00268

3. Akbank 1Q17 Results Overview:

Akbank reported a gross profit of TL 1 billion 839 million while setting aside TL 387 million of tax provisions, the bank reported a net consolidated profit of TL 1 billion 452 million in the first quarter of the year. ROE of the bank has realized at 17% by the end of first quarter of the year.

As of March 31, 2017 Akbank's consolidated total assets increased by 3.9% up to TL 305.9 billion. Total cash loans grew by 4.3% to TL 186.6 billion while total deposits was up to TL 179.3 billion with an increase of 3.1%.

Akbank's NPL ratio remained approximately at the same level of 2.4% as of March 31, 2017 compared to year-end. While 22% of total cash loans based on consolidated financials are comprised of consumer loans, 38% are corporate, 32% are commercial and remaining 8% are other commercial loans.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

4. Bank's Expectations For 2017:

There is no change in "Forward Looking Expectations" of the bank which has been disclosed to public as Material Events Disclosure on 10.1.2017.

Macroeconomic Indicators (%)	2017	
GDP growth, real terms	3,0 – 3,5	
CPI Inflation	~8.0	

Banking Sector Growth (%)	2017	CAGR 2017-2019 (%)
Asset Growth	10-12	11-13
Loan Growth	10-12	11-13
Deposit Growth	10-12	11-13

Akbank Growth Guidance (Consolidated)	2017 (%)	CAGR 2017-2019 (%)
Asset Growth	10-12	11-13
Loan Growth	10-12	11-13
TL	10-12	11-13
FX (USD terms)	2-4	5-7
Deposit Growth	10-12	11-13
TL	10-12	11-13
FX (USD terms)	2-4	5-7

	2017
Net Interest Margin	~3.4%
Net fees&com. Growth	~10%
Opex Growth	~6%
Cost / Income	~36%
Cost / Assets	~1.5%
Cost of risk	~90 bps
NPL ratio	~2.5%
Capital Adequacy Ratio	~14%
Loan to Deposit Ratio	Max 105%
Return on Assets	~1.7%
Return on Equity	~15%
Leverage	~9.0x
EPS Growth	~10%

	2018 and Beyond
Return on Asset	1.7-1.9%
Return on Equity	15-17%
Leverage	9.0x-9.5x